

Committee Agenda



**Webcast
Meeting**



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Thursday, 31st July, 2008

Place: Civic Offices, High Street, Epping

Room: Council Chamber

Time: 6.30 pm

Democratic Services Officer: Gary Woodhall, The Office of the Chief Executive
Tel: 01992 564470 Email: gwoodhall@eppingforestdc.gov.uk

Members:

Councillors C Whitbread (Chairman), M Cohen, Mrs D Collins, Mrs A Grigg, Mrs M Sartin and D Stallan

PLEASE NOTE THE START TIME OF THIS MEETING

1. WEBCASTING INTRODUCTION

The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be recorded for subsequent repeated viewing on the Internet and copies of the recording could be made available for those that request it.

By being present at this meeting it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

You should be aware that this may infringe your human and data protection rights. If you have any concerns please speak to the webcasting officer.

Please could I also remind members to put on their microphones before speaking by pressing the button on the microphone unit”

2. APOLOGIES FOR ABSENCE

3. MINUTES

To confirm the minutes of the last meeting of the Committee held on 16 June 2008

(previously circulated).

4. DECLARATIONS OF INTEREST

(Assistant to the Chief Executive) To declare interests in any item on this agenda.

5. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

6. VALUE FOR MONEY (VFM) REVIEW - JULY 2008 (Pages 5 - 56)

Presentation by the Chief Executive and the Director of Housing (Chairman of the Use of Resources Working Party) on a VFM Review - attached.

All Members of the Council have been invited to attend the meeting for this item.

7. USE OF RESOURCES ASSESSMENT 2007/08 - SELF-ASSESSMENT SUBMISSIONS AND VALUE FOR MONEY REVIEW (Pages 57 - 92)

(Deputy Chief Executive) To consider the attached report.

8. EXCLUSION OF PUBLIC AND PRESS

Exclusion: To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

Agenda Item No	Subject	Exempt Paragraph Number	Information
Nil	Nil	Nil	

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

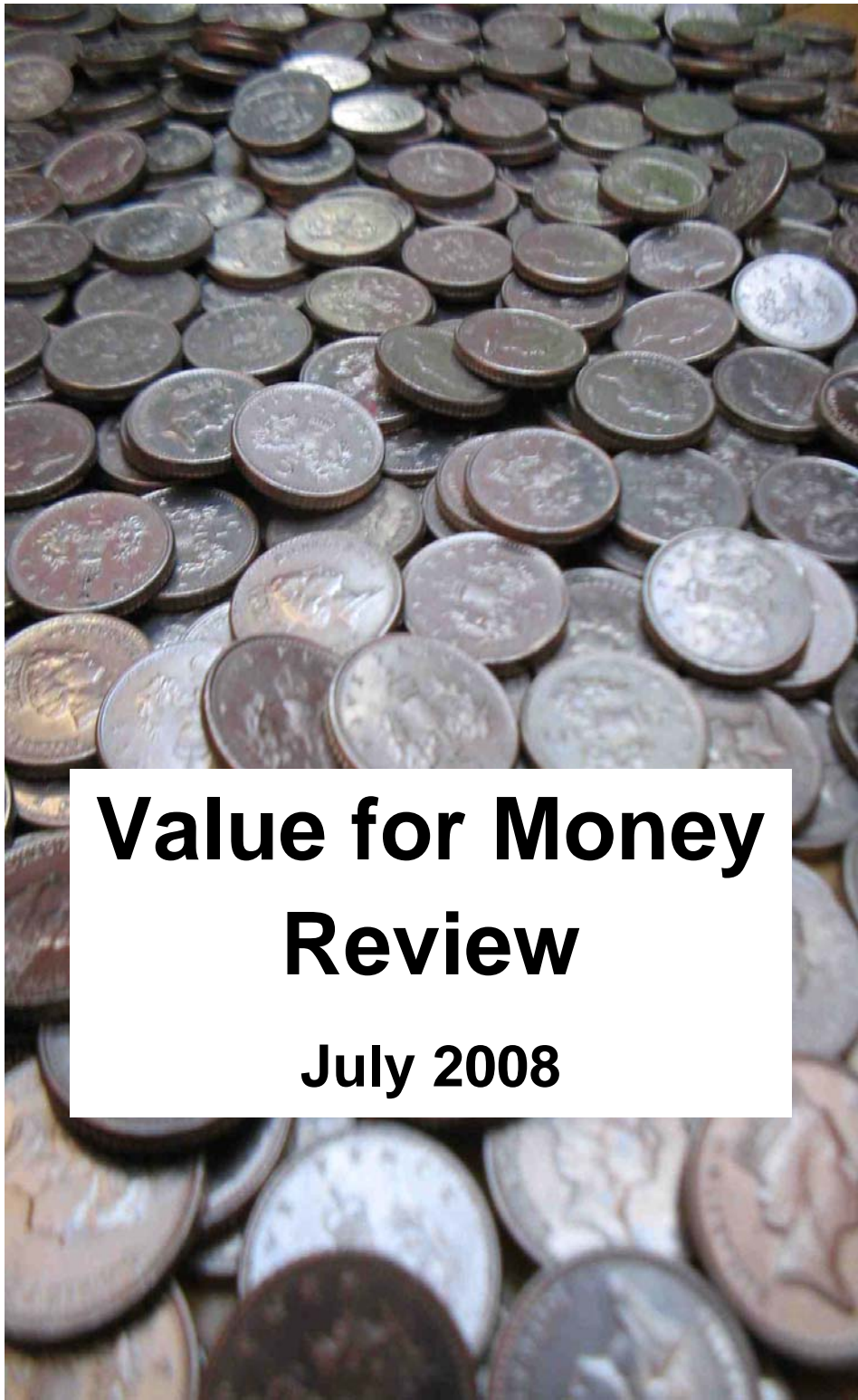
- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

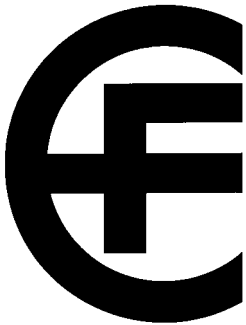
Inspection of background papers may be arranged by contacting the officer responsible for the item.

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**Value for Money
Review
July 2008**

Epping Forest District Council



1. Introduction :

Introduction

1.1 Towards the end of 2007, the Council received the Audit Commission's 'Use of Resources Auditor Judgements 2007'. That report set out the Commission's assessment of the Council's performance against the Key Lines of Enquiry (KLOEs) which make up the Use of Resources assessment framework. The Audit Commission concluded that it felt the Council had, in overall terms, improved its performance to a score of 3 'Consistently above minimum requirements – performing well'.

1.2 In its judgement, the Commission recognised that there has been continuous improvement in EFDC's performance against the KLOEs. With regard to value for money, for KLOE 5.2 ("The Council manages and improves value for money") EFDC had shown consistent improvement over the three years of the assessment, from scoring just 1 in 2005 to 3 in 2007. However, it was also noted that, under the Value for Money KLOEs overall, the Council only attained a score of 2: 'Only at minimum requirements – adequate performance'. This score was supported by the comment:

'The Council's costs are higher than comparable councils, although they are reducing'

1.3 The Commission's VFM Profile Tool (on its website) provides a significant amount of information which is published in order to enable local authorities to compare their costs and performance with other local authorities and to assist local authorities in the development of value for money. This information also supports the judgements made by the Commission on each Authority's progress in this area.

Audit Commission Comparator Groups

1.4 The Commission's VFM Profile Tool enables local authorities to compare their costs and performance with a range of groups or clusters of authorities. Whilst the Council can compare itself in the tables to all other district councils in England, given the diversity of these bodies, it is not considered helpful to use this global comparator. Instead, the following comparators are considered most useful in comparing the Council's costs:

- **Nearest Neighbours** – those Districts (not London Boroughs) which are deemed to be similar to EFDC, and generally speaking lie just inside or outside the M25;
- **Office of National Statistics (ONS) Local Authority Cluster** – those District Councils which the ONS considers to be similar to EFDC in key ways; and
- **Crime and Disorder Reduction Partnership (CDRP) Family Group** – those District Councils which are considered to have a similar crime profile to EFDC

2. Purpose of the Review

2.1 The purpose of this report is therefore to:

- Examine and comment on the Council's costs, as stated in the Audit Commission's Value for Money (VFM) Profile Tool, and how they compare with other local authorities in comparator groups;
- Examine and comment on the Council's performance in respect of the performance data within the Audit Commission's VFM Profile Tool;

- Reach conclusions on the Audit Commission's value for money assessment of the Council
- Consider the nature and limitations of the comparative data, particularly issues that could significantly affect the data and the Council's ranking;
- Assess EFDC's Council Tax levels; consider how they compare with other councils; and consider the value for money provided by the Council from the "citizen's perspective"; and
- Consider the most cost effective future strategy to continuously improve value for money in terms of reduced costs, higher performance, or both.

2.2 This VFM Review is separated into two main parts:

Part One – EFDC's Current Position on Value for Money; and

Part Two – EFDC's Future Approach to Value for Money.

PART ONE – EFDC’S CURRENT POSITION ON VALUE FOR MONEY

3. Comparison of the Council’s Costs with other Local Authorities and Commentaries – Individual Services

3.1 The following tables provide details of all the costs included in the VFM Profile Tool for the three comparator groups set out above, and compares the Council’s costs with the other local authorities in the groups. The highest and lowest cost authority in each of the three comparator groups is given, together with EFDC’s ranking. A commentary is then given. The intention is to establish a clear understanding of the information used by the Commission in its Value for Money judgement on the Council.

3.2 For all the tables:

- A ranking of 1 = The highest cost (i.e. worst position)
- The lowest ranking = The lowest cost (i.e. the best position)

Table One: Transport total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	22.01 Broxbourne BC	-18.23 Tun Wells DC	5.11 6/16
ONS Local Authority Cluster	12.44 Three Rivers DC	-3.98 Sevenoaks DC	5.11 3/5
CDRP Family Group	12.44 Three Rivers DC	-18.23 Tun Wells DC	5.11 7/15

Commentary:

3.3 The main expenditure covered by this table is Road Maintenance, Parking and Concessionary Fares.

3.4 This Council has made a policy decision to retain car parking charges at a relatively low level, whereas many other councils have significantly higher charges. The Council has also decided, in order to support the economic viability of its towns, to provide free car parking in long stay and combined car parks on Saturdays as well as in all car parks in the three weeks before Christmas each year. Similarly, the cost of a short stay for 30 minutes is just £0.10p. The Council has therefore decided to forego a higher overall income for car parking charges, and a reduction in overall net expenditure on services, in order to support the local economy

3.5 The higher the overall income for car parking charges, the more it reduces overall net expenditure on services. For example, the figure for Tunbridge Wells in the above table (the lowest cost in two of the comparator groups) is distorted by their income of £27.25 per head for car parking, compared to the EFDC figure of only £3.58. If parking income is excluded, the Tunbridge Wells figure changes from -£18.23 to £9.02 and the EFDC figure is lower than that at £8.69.

Table Two: Housing (General Fund) total spend - £s/per head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest neighbours (April 2007)	15.07 Broxbourne BC	-3.83 Dacorum DC	6.74 13/16
ONS Local Authority Cluster	10.48 Sevenoaks DC	4.45 Hertsmere BC	6.74 4/5
CDRP Family Group	13.84 Tun Wells BC	-3.83 Dacorum DC	6.74 11/15

Commentary:

3.6 The main expenditure covered by this table is Homelessness, Supporting People and other General Fund housing costs. It **excludes** housing costs for landlord services, which are accounted for separately in the housing revenue account (HRA)

3.7 The Council's housing costs are comparatively low – in the best quartile for each grouping – especially considering the high cost of housing in the District and the high demand for both public and private sector housing.

3.8 The lowest cost in two of the groupings (Dacorum) is clearly incorrect, showing a negative figure. Contact has been made with officers at Dacorum who were not only "baffled" at their figure, but also confirmed that it was incorrect.

Table Three: Culture total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	38.57 Dacorum DC	10.17 South Oxfordshire DC	30.37 9/16
ONS Local Authority Cluster	43.68 Chelmsford DC	11.93 Sevenoaks DC	30.37 3/5
CDRP Family Group	46.07 East Staffs BC	11.93 Sevenoaks DC	30.37 9/15

Commentary:

3.9 The main expenditure covered by this table is Culture & Heritage, Recreation & Sport, Open Spaces, Tourism and Licensing

3.10 As discretionary services, local authorities very often have Cultural Services expenditure as a low priority. The provision of these services is a judgement based on local need and priorities for individual councils. Furthermore, the services are provided in diverse ways in Councils, making cost comparisons alone very difficult.

3.11 The Council's Arts, Play and Heritage provision operates largely on a community development basis, which does not incur the Council in high capital and revenue costs associated with managing buildings and sites. For example, in the area of the arts the Council does not have a theatre or arts centre, rather EFDC utilises other people's buildings and premises. In addition, the Council provides grant aid to other providers at a modest level of £4,000 per annum (e.g. Harlow Playhouse Theatre and Great Stony Arts and Resource Centre). The Council also has only a small museum in Waltham Abbey, but uses₅ this as a springboard to provide an outreach/educational service across the District. The

costs and relative ranking of EFDC in the above table reflects the Council's policy and budgetary decisions.

3.12 The geography and demography of the Epping Forest District has a bearing with respect to Cultural Services. For example, 50% of the population of the District live in an area comprising 5.2% of the District total, close to the boundaries with London. North/South transport links in the southern area of the District are adequate, but east/west links and transport in the rural parts are poor. It is noted later in this VFM Review that there is no obvious centre to the District, but six main conurbations.

3.13 In terms of overall culture provision, but particularly in relation to sports and recreation, this presents significant problems for access. Whereas many of EFDC's neighbouring authorities, such as Harlow and Brentwood, have provided large multi-use Leisure Centres in a central location, the pre-1974 Urban and Rural Councils each provided their own facilities of varying scale/type, serving discrete communities. Following local government reorganisation, this pattern of provision has continued, which clearly provides a higher level of expenditure than other authorities of a similar size. That said, it is recognised that the catchment area of a medium sized Leisure Centre is approximately a 20 minute drive.

3.14 Therefore, it can be argued that EFDC does not have an overprovision, but provision within a particular geographic and socio-demographic context. These factors account for EFDC's higher than average costs on sport and recreation.

Table Four: Environment total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	62.84 EFDC	21.16 Hertsmere BC	62.84 1/16
ONS Local Authority Cluster	62.84 EFDC	21.16 Hertsmere BC	62.84 1/5
CDRP Family Group	62.84 EFDC	21.16 Hertsmere BC	62.84 1/15

Commentary:

3.15 The main expenditure covered by this table is Street Cleansing, Waste Collection, Economic & Community Development, Food Safety, Public Conveniences, Environmental Health and Community Safety.

3.16 An analysis of Hertsmere's budget and various strategic documents shows that the cost of providing the waste collection service alone at Hertsmere was £20.69 per head for 2007/08. In effect, using the comparator data from the Audit Commission, this suggests that all the remaining services in the environment block are delivered at virtually nil cost to the local community – something which is difficult to reconcile especially given that the 2007/08 approved budget for waste and street scene alone was £5.2 million (£55.05 per head). A discussion with the relevant Hertsmere Director confirmed this broad analysis of costs but he was unable personally to shed any light on the data presented on the VfM website, other than to confirm that he believed that it originated from the CIPFA return process. He did undertake to look further and provide more information if possible.

3.17 EFDC's costs are higher than other comparator groups and this is acknowledged. However, they mainly derive from waste management and one of the key reasons is the cost of green waste collection, which is a popular and well used service. It is acknowledged that, prior to the waste management contract being competitively tendered (the period to

which these costs refer), the cost of the service was relatively high. The Council carefully assessed these costs, leading up to inviting tenders for the new contract, and considered the cost implications for different levels of service that could be sought through the specification. It would have been possible to reduce these costs through the new contract. However, following extensive customer consultation, consideration of current environmental expectations from waste management and a detailed options appraisal, the Council agreed a specification that it knew it could afford within the resources available, but that would have a relatively high associated cost. The higher costs are commensurate with a higher service level.

3.18 In addition, there are other local factors affecting the cost of the service. These include the geography and demographic make up of the District and that the long distances travelled to collect waste reduce efficiency and add to fuel costs. There are also long distances to the tip, incurring greater freighter downtime. The large proportion of rural roads lead to high mileages, and the roads themselves are difficult and expensive to keep clean. The same roads have high vehicle usage due to the District's proximity to London and the M11/M25, causing damage to highway surfaces, which also makes them difficult to keep clean. There is also an ageing population, which, with the introduction of the wheeled bin and additional kerbside collections, has resulted in more assisted collections, which adds to costs.

3.19 As noted above, the new waste management contract has enhanced service standards built into it, which are an improvement on the previous contract, and were brought about following significant public consultation. Its higher price reflects the improvements, such as street cleansing standards above those required by the Government Code of Practice, special cleansing arrangements in areas where there is a 'night time economy', plus payment based upon the achievement of key performance indicators.

3.20 A key area of achievement is the level of recycling in 2006/07. This stood at 37.09% and was the second highest in Essex. The recycling performance for 2007/08 is 41.67%, which is in the top quartile.

3.21 Therefore, the Council is aware of its higher unit costs in this area of service delivery, which have come about because of deliberate policy decisions reflecting public consultation, as well as local conditions in the District.

3.22 Costs also increased in 2007/08, through the effects of the former waste management contractor going into Administration. This resulted in the need to appoint a new contractor on an 'emergency' basis, plus the associated costs of an EU procurement exercise. These additional costs will fall out of the budget for 2008/09.

3.23 Now that the new waste management contract is operating, the additional costs which affected the budgets in 2006/7 and 2007/8 no longer apply. The total cost for 2008/9 of the Environment Block is £59.22 per head which, if a 4% increase is applied to the other councils as an inflationary increase, would place the Council as having the fourth highest cost, rather than the highest. It is also worth noting the comparison between this figure and that of Hertsmere DC's for waste and street scene alone of £55.05 (using Hertsmere DC's published 2007/8 budget data and agreed by the relevant Hertsmere Director – See Paragraph 3.16 above).

Table Five: Planning total spend - £s/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	27.89 Tun Wells DC	6.18 Broxbourne BC	18.53 7/16
ONS Local Authority Cluster	23.45 Sevenoaks DC	13.89 Hertsmere BC	18.53 4/5
CDRP Family Group	27.89 Tun Wells DC	11.09 Brentwood BC	18.53 8/15

Commentary:

3.24 The main expenditure covered by this table is Planning Policy and Building & Development Control.

3.25 The cost of delivering planning services in EFDC is again increased by the rural and suburban nature of the District, and the need for enforcement action to be taken in order to protect the Green Belt, as well as the special character of the area, including its historical architecture and trees. There is also a large gypsy and traveller population, which often has its own unique needs and demands: these are often resource intensive. That said, the costs shown in Table Five indicate that the District's performance is average in two comparator groups, whilst being low in one.

3.26 Audit Commission data shows that spend per head on planning has fallen from £20.94 in 2006/07 to £18.53 in 2007/08. In that time, performance in Planning has also improved in terms of meeting target times for decisions.

3.27 The figures of spend per head are somewhat misleading, given the higher number of applications received in Epping Forest compared to other authorities (above average in all three groups). Using the information provided by the Audit Commission, it would appear that spend on Planning per head is three times higher in Epping Forest than in Broxbourne. However, the figure for Broxbourne does not look reliable, since the next lowest spend per head is £11.09, and 13 of the 16 nearest local authorities have costs that are more than double Broxbourne's spend.

3.28 EFDC's Director of Planning and Economic Development has spoken to Broxbourne BC, to establish how it was able to consider certain elements of their lower costs. Broxbourne's BC's Policy Section shows a significant income. However, this is not actual income 'earned', since the only income stream in the policy budget is the sale of hard-copy documents (a few hundred £ per year). In this case, the income is the contribution of Planning Delivery Grant, to meet expenditure commitments in Broxbourne BC's Policy Section. Broxbourne BC's transport costs are low, as they are a smaller and more densely developed Borough than Epping Forest.

Table Six: Benefits Administration Costs - £s/per head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest neighbours (April 2007)	14.06 Brentwood BC	2.96 Spelthorne BC	14.06 2/16
ONS Local Authority Cluster	14.06 EFDC	9.46 Sevenoaks BC	14.06 1/5

CDRP Family Group	19.04 Lewes DC	8.99 North Herts DC	14.06 2/15
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Commentary:

3.29 The main expenditure covered by this table is Housing Benefit & Council Tax Benefit Administration.

3.30 Brentwood and EFDC are jointly the most expensive authorities in the Nearest Neighbour Group for the cost per head of benefits administration, at £14.06. However, the lowest cost figure of £2.96 for Spelthorne is questionable, since 13 of the 16 authorities have costs that are at least three times greater than Spelthorne's. An examination of the figures shows that 10 of the 16 authorities have costs of £9.95 per head or more.

3.31 EFDC's Director of Finance and ICT has spoken to Spelthorne DC, to ascertain how it achieved such a low cost per head. This established that Spelthorne had already identified issues with their RA figures (the returns that all local authorities have to produce, and which the Audit Commission uses for its Value for Money profiles).

3.32 Spelthorne explained that its Benefits figure in particular was artificially low, due to an over-allocation of costs to homelessness (Spelthorne appears to have the second highest spend on homelessness in the Nearest Neighbour Group, at £8.75 per head of population, compared to the EFDC's figure of £2.29 per head).

3.33 Spelthorne's service costs, in general, appear lower than they should be. This is due to high levels of cost allocation to;

(a) the Corporate and Democratic Core (CDC - see Paragraphs 7.16–7.20 for more information on the CDC). Spelthorne allocates £26.17 per head of population to the CDC, compared to EFDC's £14.60 per head); and

(b) contingencies and other services – Spelthorne allocates £19.61 per head, compared to EFDC's £11.99 per head).

3.34 The Chief Finance Officer at Spelthorne stated that methods of cost allocation had now been reviewed and that their RA forms for 2008/9 paint a rather different picture of the authority to its 2007/8 returns.

3.35 The statistics in Table Six above paint a somewhat false picture of Epping Forest's relative position. Alternative comparisons can be done with EFDC's geographical neighbours and Essex districts. In comparison with EFDC's geographical neighbours, the Council has the fifth lowest costs of a group of 11 authorities (the range being from £31.94 for Waltham Forest to £9.22 for Broxbourne). In comparison with other Essex districts, EFDC has the fourth lowest costs of a group of twelve authorities (the range being from £20.90 for Harlow to £9.30 for Braintree). However, there are four other authorities whose cost per head are within 4p. This demonstrates that, for the area in which the Council operates, the costs of the Benefits Division are far from excessive.

Table Seven: Central & other total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	52.45 Hertsmere BC	19.69 East Hampshire DC	35.46 10/16

ONS Local Authority Cluster	52.45 Hertsmere BC	27.89 Three Rivers DC	35.46 3/5
CDRP Family Group	55.92 Maidstone BC	21.09 Lewes DC	35.46 10/15

Commentary:

3.36 The main expenditure covered by this table is the Corporate and Democratic Core (CDC), Local Taxation, Flood Defence, and Other Central Services to the Public.

3.37 The Best Value Accounting Code of Practice requires that overheads and assets, such as the Civic Offices, must be charged to service accounts in full. EFDC allocates in full all its support service costs, and these reflect the high value of the Civic Offices, which is a modern building. Equally, it is acknowledged that EFDC's allocation of support service costs to the Housing Revenue Account (HRA) may be lower than others, since there is a reasonably high level of judgement that councils are able to exercise on the allocation of central services.

3.38 However, crucially, the table 'Unapportionable Central Overheads, £s/head' on the Commission's website shows that 33% of councils did not fully allocate costs to services. Indeed, the highest unapportionable costs were £18.50, £13.93 and £11.93 per head which, if multiplied up by the populations for these authorities, give costs of £2.1 million and two of £1.5 million not being apportioned. EFDC's figure for unapportionable costs is zero. This discrepancy has a significant impact on the unit cost of services and it is felt that the Audit Commission should be taking up the non-apportionment of costs with these other authorities.

4. Landlord (Housing Revenue Account) Costs and Comparisons

4.1 The Audit Commission's Value for Money Profile Tool does not provide any comparative data on local authority landlord costs, which are accounted for within the Housing Revenue Account (HRA). However, these costs comprise a significant part of the Council's overall costs. Therefore, it is considered appropriate to consider and compare these costs as part of this VFM Review.

4.2 A useful indicator of the Value for Money being obtained from a local authority's housing service as landlord at the macro level is the cost of Supervision and Management (General) per property. For 2006/07, this cost was £480 per property. According to CIPFA, this was the lowest in Essex, which averaged £760 per property (almost 60% higher than EFDC's). The national average for non-metropolitan authorities was £610 per property (almost 30% higher than EFDC's).

4.3 Although a local authority's approach to Value for Money cannot be assessed by rent levels (because they are set by reference to a Government formula linked to property prices), local authorities do have some control over their approach to annual rent increases. According to CIPFA, EFDC had the lowest average rent increase in Essex in 2006/07. This was £2.06 per week, the average being £2.63, with the highest at £3.05. Furthermore, despite being in a high cost area, the Council's rent increase was also well below the non-Metropolitan Council average of £2.52 per week, and the all-England average of £3.92 per week.

4.4 Therefore, it appears that the Council provides good value for money for its landlord services through the HRA.

5. Comparison of the Council's Costs with other Local Authorities and Commentaries – All General Fund Services

5.1 The above tables show the costs for individual services. The table below provides the net costs for all General Fund services:

Table Eight: Net revenue expenditure on general fund services - £/per head 2007

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	170.07 EFDC	111.99 Test Valley DC	170.07 1/16
ONS Local Authority Cluster	170.07 EFDC	127.74 Hertsmere DC	170.07 1/5
CDRP Family Group	170.07 EFDC	104.57 Tewkesbury BC	170.07 1/15

Commentary:

5.2 It should be noted that this table;

- (a) refers to **net** expenditure (i.e. gross expenditure, less income from all sources). Therefore, the figures are affected by levels of fees and charges. Information on the effect of fees and charges is given in Sections 7.3 – 7.4 and 9.3;
- (b) **includes** parish expenditure. The effect of this on comparative costs, bearing in mind that the Epping Forest District is fully parished, whilst others have no parishes, is discussed in Sections 6.2 – 6.4;
- (c) is based on **estimated** expenditure set by councils before the commencement of the year (not actual expenditure, at the end of the year). The effect of this on EFDC is explained in Section 6.8; and
- (d) **excludes** net expenditure on housing, which is accounted for in the Housing Revenue Account.

5.3 As can be seen, EFDC has the highest estimated net costs in all three groupings. It is likely that this comparative information has been used by the Audit Commission to reach its judgement about the high costs associated with EFDC’s service delivery. However, it should be noted that 3 out of the 16 authorities in the “Nearest Neighbours” group are within the 9 authorities that have the lowest costs for **all** district councils. This demonstrates that, unfortunately for EFDC, its main comparator group generally comprises “low-cost” authorities.

5.4 However, having undertaken the detailed examination within this VFM Review, it has become clear that, in fact, the costs of most individual services are not particularly high, but that the Council’s costs in the two largest General Fund services (Environment and Benefits Administration) are the highest or relatively high in the Groupings. This, therefore, has a disproportionately adverse effect on the overall net cost of General Fund services.

5.5 Moreover, it is important to note that this raw data does not provide any context to the reasons for EFDC apparently having the highest costs in the groupings. This VFM Review has identified that there are two main factors that explain why EFDC’s costs are relatively high:

- (a) **“Artificial Costs”** - There are a number of EFDC’s costs that are “artificially high”, compared to other local authorities, and if the comparison exercise was undertaken in a different way, would undoubtedly result in a different ranking; and
- (b) **“Explainable Reasons”** – There are a number of explanations for the Council having relatively high costs, compared to other councils.

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5.6 The effect of these two factors are set out in the next two sections.

6. “Artificial Costs” included in EFDC’s Total Costs for General Fund Services

6.1 There are three main factors that detrimentally effect EFDC’s costs, which do not apply to all other councils in the comparator groups:

Parish Precepts

6.2 The whole of the Epping Forest District is parished. The parish precepts for all parishes are included within the net cost of General Fund services for the districts. Clearly, an authority that has no parishes, or less parishes than EFDC, will have less costs, since parish costs include the costs of democracy in each parish/town council and the additional services that are provided at this third tier. Moreover, the overall cost of services provided by a multitude of parish/town councils (e.g. grounds maintenance) will be far higher than if they were all provided by the District Council.

6.3 EFDC has undertaken an analysis of the effect of parish precepts on district council costs, and has established that:

- (a) 2 of the councils in the “Nearest Neighbour” Group do not have **any** parishes; and
- (b) EFDC has the 4th highest parish precept per head of population in the “Nearest Neighbours” Group.

6.4 It is accepted that those councils that are un-parished, or only partly parished, would have to incur the costs of providing some services normally provided by parish/town councils, but, **if EFDC’s total cost for all General Fund services excluded the parish precepts, it would reduce EFDC’s costs by £22.68 per head of population.**

District Development Fund

6.5 As part of the Council’s prudent approach to financial management, it separates General Fund expenditure into two elements;

- Continuing Services Budget (CSB) = Ongoing annual costs in the General Fund
- District Development Fund (DDF) = One-off expenditure in 1-3 years for specific projects

6.6 Unlike many other councils, due to careful financial management, the Council has historically been able to allocate significant resources to the DDF - above and beyond the resources required to fund ongoing services - to fund one-off projects to enhance service delivery further. However, DDF expenditure is included within the net cost of General Fund services. If EFDC didn’t have these resources, it would still be able to fund its core services. Alternatively, EFDC could have retained the DDF resources in balances, which would have increased its investment income and reduced its net General Fund costs (in two ways – the gross expenditure would be less and the income (interest) would be higher).

6.7 The cost of utilising DDF expenditure represents around £4.55 per head of population.

Effect of Using Estimated Expenditure

6.8 Due to the Council's ongoing efficiency drive, savings were achieved in 2007/08 which resulted in an under-spend of £1.022m within the Council's CSB. However, the data used by the Audit Commission in its VFM Profiles Tool is based on the Council's RA Form, which relates to **estimated** expenditure and not actual expenditure. This, therefore, assumes that the CSB was fully expended, and does not take account of these significant savings. Consequently, the data does not represent the Council's **true** costs.

6.9 If the Audit Commission's net cost of General Fund Services included this saving, EFDC's costs would be reduced by £8.32 per head.

Effect of EFDC's "Artificial Costs" on the Audit Commission's Ranking

6.10 The three preceding sub-sections identify three "artificial costs" for EFDC, which amount to £35.55 per head of population. If these "artificial costs" are deducted from EFDC's total cost of General Fund services provided in Table Eight (£170.07 per head), it would result in a more accurate figure of £134.52 per head. With the exception of the cost of parish precepts, it is considered unlikely that many other councils in the Group would have these artificial costs, and those that do are unlikely to be as high as EFDC's.

6.11 An exercise has therefore been undertaken to compare EFDC's costs with the other councils in the Nearest Neighbours Group, after deducting these "artificial costs". To ensure a level playing field, this comparison exercise also deducted the cost of parish precepts from all the other councils in the Group. **This resulted in EFDC's ranking for the net cost of General Fund services per head falling seven places, to only the 8th highest in the group of 16 councils, which is around the median point.** It should also be remembered that, as explained earlier, 3 of the councils in the group have low costs when compared nationally – they are in the lowest 9 councils of all district councils in England.

6.12 It has not been possible to accurately determine where EFDC would rank amongst all district councils in England, because it would be too time consuming to deduct parish precepts from all district councils' costs. However, as a guide, EFDC's net General Fund costs (after deducting the "artificial costs") would be 4p less than Dacorum DC's (after deducting its parish precepts too). Dacorum DC's net General Fund costs within the Audit Commission's VFM Profile Tool (which includes parish precepts within councils' cost) are ranked 62nd lowest of all District Councils – within the best quartile.

6.13 This suggests that, after excluding the "artificial costs" identified above, EFDC's costs could well be into the best quartile of total costs nationally.

7. "Explainable Reasons" for EFDC's Total Cost for General Fund Services Being Relatively High

Reasons for High Individual Service Costs

7.1 Section 3 of this VFM Review provides commentaries on each of the costs for individual services; where they are high, explanations are provided.

7.2 However, there are a number of other reasons why EFDC's costs are relatively high, which effect all individual service costs, as well as the total net cost of General Fund services. These are explained below:

Fees and Charges

7.3 As mentioned earlier in this VFM Review, the cost data used by the Audit Commission relates to **net** costs, which is gross expenditure, less income. Therefore, a council that obtains significant additional income through high fees and charges can result in low net costs. However, this net cost is achieved at the expense of residents and other service users having to pay higher fees and charges.

7.4 Although there is no empirical data available, EFDC believes that, generally, its fees and charges relating to the following main income sources are comparatively low:

- Car parking
- Building control
- Local land charges

Geography

7.5 The pattern of six discrete population centres in the District without an overriding town centre focus makes the provision of services more problematic and expensive. The following table has been produced using the Audit Commission's VFM Profile Tool.

Table Nine: Local Authority Population Density per sq km – persons/sq km (2007)

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	1769 Spelthorne BC	181 Test Valley BC	363 9/16
ONS Local Authority Cluster	963 Three Rivers DC	307 Sevenoaks DC	363 4/5
CDRP Family Group	963 Three Rivers DC	190 Tewkesbury DC	363 7/15

7.6 Although this comparative information generally indicates that the Council has an average population density compared to similar authorities, this masks the reality. The south east of the District has a concentration of population in suburban areas with significant out-commuting. The remainder of the District has concentrations of population in market towns, but also has a very dispersed rural population, making the delivery of services more difficult and expensive (e.g. higher travelling costs and costs associated with providing dispersed services).

7.7 It should also be noted that, due to the District's geography, EFDC has 16 separate operational premises, including area-based housing offices, cash offices and information offices, as well as a number of depots in different locations. Clearly, the cost of providing many operational premises is higher than if all services could be provided from a small number of premises, which is possible in smaller districts, especially those with one central town.

7.8 It is interesting to note that the comparator groups within which EFDC is put have resident populations of between 70,900 and 138,400 (EFDC: 122,900). Therefore, arguably, it is difficult to make meaningful comparisons with such a diversity of population. Similarly, population density ranges from a low of 181 to a high of 1,796. Again, meaningful comparisons are difficult.

Demography

7.9 The demographic make-up of the resident population can also have an effect on the cost of services, especially if there are high levels of deprivation within a district's area. The following table has been produced using the Audit Commission's VFM Profile Tool.

Table Ten: Index of Multiple Deprivation – Average Score 2007

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	14.72 Broxbourne DC	6.29 East Herts DC	13.33 2/16
ONS Local Authority Cluster	13.33 EFDC	8.55 Chelmsford BC	13.33 1/5
CDRP Family Group	18.54 East Staffs BC	6.29 East Herts DC	13.33 2/15

7.10 As can be seen, in each comparator group, the Council has the highest or 2nd highest level of multiple deprivation. Whilst in some wards this deprivation relates to economic, health and education issues, in the rural areas of the District this is related to lack of access to essential services, due to poor public transport or the remote location.

7.11 As with the population figures in Table Nine, there is a spread within the cluster groups between a figure of 6.29 (low deprivation levels) and 14.72 (high deprivation levels). Again, this highlights the disparity between members of supposedly similar family groups.

High Cost Area

7.12 There is no doubt that, being located on the borders of London, Epping Forest is a "high cost" area, which affects the cost of EFDC's services. The following are examples of these effects:

Revenue Support Grant

7.13 The Government recognises, through the provision Revenue Support Grant, that the Council operates in a high cost area. However, this grant does not reduce EFDC's costs. Although it increases EFDC's income, in order to meet the higher costs, this is not recognised or reflected in the Commission's cost data. Of the 16 authorities in the Nearest Neighbour Group, EFDC receives £74.54 per head of population in grant, and only Hertsmere and Broxbourne receive more at £80.19 and £75.57 respectively. Mid Sussex is lowest with £48.60, and Reigate has £51.88. Thus, central government clearly recognises the higher cost of providing services in the District. Furthermore, of the 16 authorities in the Nearest Neighbour Group, 7 receive less assistance through the Area Cost Adjustment than EFDC and therefore are assumed to have lower costs.

Human Resources Factors

7.14 The Council's staff are eligible to receive 'Inner Fringe Allowance' due to EFDC's proximity to London. This adds an additional 4% to the paybill (approximately £800,000 pa), and therefore directly increases the cost of delivering services, given the fact that most local government services are people-intensive. On this point, it is interesting to note that Inner Fringe Allowance does not apply in many of the authorities with which EFDC is compared (e.g. East Hampshire DC, South Oxfordshire DC, Tewkesbury DC, East Staffs DC and Mid Sussex DC), which enables them to reduce their staffing costs, irrespective of staffing numbers or normal salary levels.

Cost of Introducing “Single Status” Amongst all of EFDC’s Workforce

7.15 Nationally, it has been agreed that the salaries for all posts within a local authority should be job evaluated to ensure that employees undertaking equivalent jobs should receive the same salary. This is a huge exercise, which inevitably results in increased staffing costs, due to the need to provide appropriate pay protection to employees whose salary is decreased. The Council concluded its arrangements for a Single Status workforce in July 2003, and this increased the paybill by approximately £250,000 per annum, which is reflected in EFDC’s costs. However, many councils have still not yet completed this exercise, and their staff costs have not yet increased - but their costs in the future will reflect this fact.

Apportionment of Costs for the “Corporate and Democratic Core (CDC)”

7.16 One reason which may affect cost comparisons between councils is different allocations of the costs for councils’ “Corporate and Democratic Core (CDC)” between the General Fund and the Housing Revenue Account (HRA). The CDC represents the “cost of democracy”, which is not incurred by a non-public authority (e.g. committees and services to councillors)

7.17 As explained in Section 4 above, the Council’s landlord housing costs are relatively low, whilst Table Eight shows a relatively high net cost of General Fund services. Therefore, it is possible that the Council allocates a lower proportion of CDC costs to the HRA than other authorities.

7.18 Whilst this would not affect the overall net cost of General Fund and HRA services combined, if EFDC apportioned more CDC costs to the HRA, the net cost of all EFDC General Fund services (Table Eight) would be lower, and the net cost of EFDC’s housing (landlord) services would be higher.

7.19 Of the Nearest Neighbour Group, EFDC has the second lowest cost per head of population for CDC. There are three authorities which have a spend per head on CDC that is more than double the EFDC figure of £14.60. If these costs per head are multiplied up by the populations, then spending of £2.1 million, £1.5 million and £1.1 million in excess of the EFDC level is revealed. If EFDC was to allocate additional costs to CDC, it could reduce the unit costs of individual General Fund services, detailed in Tables One – Seven.

7.20 If the areas of Unapportionable Central Overheads and Corporate and Democratic Core are combined, eight of the Nearest Neighbour Group spend more than £11 per head of population than EFDC on these items. The amounts by which these authorities exceed the EFDC spend per head in these areas ranges from £11.24, up to the highest two at £21.89 and £20.15 per head more than EFDC.

8. The Council’s Performance

8.1 “Value for Money” represents the relationship between costs and performance. Therefore, in order to consider EFDC’s value for money, consideration also needs to be given to the Council’s performance.

8.2 The Audit Commission’s overall view of the Council’s performance and improvement is contained in the Commission’s ‘Performance Information Profile’ for EFDC, which considers improvement since 2002/03, which date acts as the baseline.

8.3 Appendix 2 sets out comparisons between the Council’s performance for individual services and the performance of other local authorities’ in comparator groups. It also provides a commentary on the Council’s performance.

8.4 However, this VFM Review needs to consider the Council's improvement against **all** performance indicators (not only those referred to in Appendix 2). This is set out in the Commission's "Performance Information Profile" for EFDC as follows:

- 52% of all EFDC's performance indicators improved over the period 2002/03 to 2006/07;
- The average improvement for all districts was 54.7% to 57.3% over the same period. Therefore, EFDC's level of improvement is just under average; and
- EFDC ranked 157th out of 238 districts for the percentage of performance indicators that improved since the base year. This places the Council in the third quartile.

8.5 In EFDC's 'Direction of Travel' Statement (contained in the April 2008 'Annual Audit and Inspection Letter') the Audit Commission states:

'In 2006/07, the Council improved its performance in 56% of a selected range of [Audit Commission-selected] key indicators, which is just below the average rate of improvement for all district councils. For 29% of those indicators, the Council was in the best performing 25 per cent of all Councils, which although an improvement on the previous year, is still below the average of 33% for all district councils. However, the Council's own un-audited data for 2007/08 shows further, significant improvement in performance in priority areas such as waste management and planning.'

8.6 As part of EFDC's approach to performance management, the Council adopts a range of **Key** Performance Indicators (KPIs). For 2007/08, 43 PIs were selected. KPIs are selected on the basis that the Council considers them important to its core business and its corporate priorities. Until April 2008, KPIs comprised both Best Value Performance Indicators (BVPis) and Local Performance Indicators (LPIs). From April 2008, they comprise a selection of the new National Indicator (NI) set and LPIs. The aim of selecting key indicators is to focus improvement actions on key areas and to move performance against each into the top quartile of performing local authorities (where appropriate) and to then maintain or improve further on that level of performance.

8.7 The year-end position with regard to the KPIs for 2007/08, was as follows:

- (a) 23 (53.5%) achieved the performance target for 2007/08;
- (b) 6 (13.9%) did not achieve the performance target for 2007/08, although outturn performance was within 5% of the target for the year; and
- (c) 23 (53.5%) improved in performance compared with 2006/07, or maintained the level of performance achieved for 2006/07.

8.8 The Council's overall conclusion on its performance is that, **for individual services, performance is mixed. Generally, performance is improving, but not at the same rate as the best performing authorities.**

9. Concerns about the Audit Commission's Value for Money (Cost & Performance Data)

9.1 Undertaking this thorough VFM Review has raised a number of concerns about the accuracy and reliability of comparing the Council's costs with other councils, using the Audit Commission's VFM Profiles Tool. Some of these concerns are set out below:

Lack of Commentary

9.2 There is no commentary attached to the data on the Commission's website to assist councils in understanding it. Most of the data requires explanation in order to understand its significance. Although it is understood that all the cost and performance data within the VFM Profile Tool is provided by local authorities themselves (with most of the cost data provided in local authority RA returns), some of the data is clearly incorrect (see below), which corrupts the rankings. Without detailed explanations, the use of the Commission's data when making judgements about value for money needs to be treated with care.

Use of Net Costs

9.3 As explained earlier, all of the Audit Commission's data is based on *net* expenditure and not gross expenditure. This has the effect of distorting the true (gross) cost of council services, since a high gross cost service could easily be masked by high fees and charges, which increase income and therefore reduce the net expenditure. An example is the cost of car parking. The gross cost of a council providing a car park could be high (suggesting inefficiency). However, if a council then charged relatively high parking fees, the net cost could be low, suggesting an efficient service (at the cost of the user).

Significant Difference Between Local Authorities in Comparator Groups

9.4 The approach generally taken by the Audit Commission is to compare local authorities within groups of councils that the Commission believes are generally similar. This is to avoid comparisons being made between councils that are significantly different (e.g. population and tier), which is understandable. However, even a brief comparison between the authorities in, for example, the "Nearest Neighbours" group shows significant different factors between councils in a number of areas. Apart from potentially affecting the overall net cost of General Fund services, it undoubtedly affects the comparisons between individual services, which has been referred to throughout Section 3 of this VFM Review.

Data quality and accuracy

9.5 Within Section 3, there are a number of examples where costs provided by local authorities, and used by the Audit Commission to compare and rank authorities, have been proved to be wrong, following contact with EFDC offices. These are:

Housing Costs	– Dacorum BC (See Paragraph 3.8)
Waste Management Costs	– Hertsmere DC (See Paragraph 3.16)
Benefits Costs	– Spelthorne DC (See Paragraphs 3.31-3.34)

9.6 Worryingly, EFDC has only contacted a small number of other councils to discuss their costs (i.e. those with very low costs, to see if there is anything EFDC can learn on how they are so efficient). It therefore questions the validity of the information provided by local authorities generally, and casts extreme doubt over the appropriateness and relevance of the Audit Commission relying so heavily on this data, particularly bearing in mind the importance of local authorities' Use of Resources Assessments and Direction of Travel Statements (of which value for money is a key component).

9.7 It is somewhat ironic that, quite rightly, the Audit Commission places great emphasis on ensuring that local authorities have processes in place to ensure good data quality - which the Audit Commission audits - yet the Audit Commission itself appears to be relying so heavily on poor quality data, some of which can be seen to be obviously wrong, without too much investigation.

9.8 It is suggested therefore, that a recommendation should be made to the Audit Commission that, if it intends to assess local authorities' value for money through its VFM Profiles, the Audit Commission should audit the cost data provided by local authorities, in the same way as it audits the performance data provided by local authorities for BVPIs, LPIs and NIs.

Effect of internal recharges

9.9 It has already been noted that assets and overheads should be charged to service accounts in full under CIPFA guidance. However, the Commission's own data shows that a third of local authorities in England have not allocated all of their costs in full and that, for one Authority, the highest unallocated cost was £23.19 per head. This has the potential to significantly distort unit costs in a way that disadvantages EFDC's ranking.

Low Level of Unit Costs for the Delivery of Some Services

9.10 Some councils' unit costs are so low that, if they are accurate (see Section 9.5 above), it raises concerns about the quality of the service that can be provided at the stated cost. An example is Benefit Administration costs (Table Six). It is difficult to see how this complex service could be provided by Spelthorne Borough Council for £2.96 per head, particularly when another comparator group has its lowest cost (North Herts District Council) at £8.99 per head.

Un-audited Cost Information

9.11 Whilst it is known that performance indicator data supplied to the Audit Commission by councils is independently audited, this is not the case with the cost information. Therefore, the data is likely to be less reliable. The earlier comments about the apportionment of internal recharges are of key concern here.

Completeness and Scope of Performance Indicators within VFM Profile Tool

9.12 An analysis of the Audit Commission's website shows that there are a number of indicators referred to in the VFM Profile Tool which had no data against them. It is possible that this is available elsewhere, but gives the impression of incompleteness.

9.13 Furthermore, some indicators against which EFDC's performance is judged appear to have little or no relevance to the Council. An example is Indicator 28 in Appendix 2: BV119d 'User Satisfaction with Theatres and Concert Halls'. EFDC's performance is lowest in all three comparator groups. However, this is not surprising, since EFDC does not have these facilities, given the District's proximity and easy access to the facilities available in London.

Make-up of Comparator Groups

9.14 It is accepted that benchmarking against comparable authorities is a useful exercise. However, the inclusion/exclusion of authorities must be appropriate for meaningful comparison to be made. For example, Indicator 29 in Appendix 2 (BV119c 'User Satisfaction with museums and galleries') shows Tunbridge Wells as having the highest satisfaction levels. This is not surprising given the cultural and historical amenities of that town. However, to compare it with EFDC's six market towns is unhelpful, as there is no cultural similarity.

Performance Indicator Definitions

9.15 The inter-relationship of PIs with other business activity is not always clear and helpful in the set of indicators used by the Audit Commission. For example, performance 20

against Indicator 11 (Non decent homes tackled in 2006/07) in Appendix 2 is dependent on the number of non-decent dwellings held by the Council in the first place. If, in the past, there has been successful activity in tackling this issue (as in EFDC's case), performance for this indicator is now likely to be poorer, as there are less non-decent homes left to be improved.

Relationship Between Cost and Performance

9.16 The Commission's data indicates that some councils have very low costs for the delivery of certain services. However, it is not possible to make comparisons on the relationship between cost and service delivery/performance issues for each council. For example, Spelthorne Borough Council delivers culture and heritage services at a cost of £0.69 a head (contained within the costs set out in Table Three), but it is not possible to make links with performance data in order to analyse what is achieved for this cost. Without this link, comparative judgements about value for money between councils cannot be made.

10. The Council's Conclusions on the Audit Commission's Assessment of the Value for Money Provided by EFDC

10.1 Having undertaken this detailed VFM Review, the Council has tried to reach an objective view on the Audit Commission's assessment of the value for money provided by the Council in the provision of services, taking account of EFDC's costs and performance.

Conclusion on the Audit Commission's Assessment of EFDC's Costs

10.2 The Council agrees with the Audit Commission's view that the Council's **net** costs, **based on estimates**, generally, "are higher than comparable councils", using the Audit Commission's VFM Profile Tool.

10.3 However, as explained in Section 6, the Council feels that some of these costs are artificially high; if these artificial costs were excluded, it would reduce EFDC's total cost of General Fund services by around £35.55 per head. This would result in EFDC being ranked higher, probably above the median of all district councils, or even in the top quartile.

Section 6 explained that these artificial costs relate to:

- The inclusion of parish precepts within the net cost of General Fund services – If EFDC's parish precepts were excluded, it would reduce EFDC's costs by around £22.68 per head;
- The Council's operation of a District Development Fund (DDF), the costs of which are included within the net cost of General Fund Services – The cost of utilising DDF expenditure represents around £4.55 per head; and
- The effects of the Audit Commission using **estimated** expenditure to assess councils' costs – If EFDC's actual costs were used, it would reduce EFDC's costs by around £8.32 per head.

10.4 In addition, the Council has identified - and now better understands – a number of justifiable reasons why its net costs are relatively high. These are detailed in Section 7, but in summary are due to:

- The geography/demography of the District;
- The generally low fees and charges made by the Council (e.g. car parking), which affect income and therefore EFDC's net costs;
- The District being a high cost area, due to its close proximity to London;

- The costs and effects of introducing “single status” amongst all of EFDC’s workforce;
- The way the Council apportions its costs; and
- The fact that the Council’s HRA (landlord) costs are excluded by the Audit Commission, bearing in mind that the Council’s HRA costs are comparatively very low.

*Conclusion on the Audit Commission’s View of **EFDC’s Performance***

10.5 The Council considers that, although there are examples of both good and poor performance at individual service level, overall, both EFDC’s performance and rate of performance - compared with other local authorities - is average. Therefore, the Council does not disagree with the Audit Commission’s assessment of EFDC’s performance, set out in its Direction of Travel Statement for the Council, which is summarised in Section 8.5.

Feedback to the Audit Commission

10.6 In view of the findings from this VFM Review, it is essential that these conclusions are drawn to the attention of the Audit Commission when it next undertakes an assessment of the value for money provided by the Council, as part of the Use of Resources Assessment.

10.7 At the same time, the Audit Commission’s attention (both at a local and national level) should also be drawn to the Council’s serious concerns (summarised in Section 9) about the accuracy and reliability of comparing the Council’s costs with other councils, using the Audit Commission’s VFM Profiles Tool. It is also suggested that, in future, the Audit Commission should audit cost data provided by all councils, before making comparative judgements.

PART TWO – EFDC’S FUTURE APPROACH TO VALUE FOR MONEY

11. Introduction

11.1 Part One of this VFM Review sets out the Council’s assessment of its Value for Money, based on the use of the Audit Commission’s VFM Profiles Tool and EFDC’s current performance. With this information, the Council now needs to determine the best way to continuously improve value for money. In simple terms, the Council could seek to:

- (a) Reduce its costs;
- (b) Improve performance; or
- (c) Reduce costs and improve performance.

11.2 Whilst, ideally, (c) would be the preferred choice, this may not be possible in reality, or at least not in the short term. This is because there is usually a direct link between costs and performance. There is a danger that a reduction in costs could lead to a commensurate reduction in performance. Moreover, it may be more appropriate to re-invest cost savings in improving performance.

11.3 Firstly, consideration needs to be given to whether or not there is any pressure on the Council to reduce its overall costs. In order to do this, it is appropriate and necessary to examine EFDC’s Council tax levels, how they compare to other councils and the effect that reduced costs would have.

11.4 It is also helpful to consider action that the Council has taken over recent years to improve value for money.

12. EFDC’s Council Tax Levels

12.1 EFDC has the second lowest Council Tax level in Essex, and is likely to have the lowest Council Tax level next year. Moreover, EFDC is in the bottom half of the group for Council Tax per head of population when considering EFDC’s Nearest Neighbours group; Reigate and Bansted have the highest level of charge per head of population at £77.97, which compares to the EFDC figure of £61.01 and the lowest figure of £42.83 for Broxbourne.

12.2 This means that the Council is able to deliver the full range of statutory services, and a wide range of discretionary ones, within a very low precept. Indeed, some other Essex councils have set Council Tax levels at approximately £100 per annum higher than EFDC for the current financial year (2008/9). If this level of Council Tax was charged in the Epping Forest District, it would raise around an additional £5.4m to spend on services. However, this level of expenditure is not deemed necessary in order for the Council to deliver the services required by the community.

12.3 Appendix 3 shows EFDC’s Council Tax levels and percentage increases over the last four years, compared with all other Essex districts. This shows that, over this period of time, EFDC had consistently set low increases. Indeed, for the current financial year, EFDC set the lowest increase amongst all Essex districts.

Commitment on Future Council Tax Increases

12.4 Due to the Council’s healthy financial position, EFDC has been able to make a public commitment on Council Tax increases in the medium term, that Council Tax will not increase by more than the rate of increase in the Retail Prices Index each year for at least the next three years. This commitment has been given after the Council has taken a prudent and

realistic longer-term view on likely Exchequer support (including the removal of “floor support”) and likely balances.

13. Reasons for Low Council Tax – Cost-Saving Initiatives

13.1 There are a number of reasons why the Council is able to set such a comparatively low Council Tax, some of which are explained below:

Good Financial Management

13.2 The Council has always had a prudent and effective approach to financial management, which has been recognised by the Audit Commission on a number of cases in its Annual Audit Letter. The concept and introduction of a District Development Fund (DDF), separate from the Continuing Services Budget (CSB), is a good example of how the Council has utilised surpluses to fund one-off projects - in a set number of years - rather than introducing new ongoing services, or increasing the cost of existing services, that cannot be funded in the longer term.

The Council’s Debt Free Status

13.3 EFDC has been debt free since 31 March 2003. Since that time £42m of capital receipts have arisen through effective asset management, including the identification and disposal of surplus and under-performing assets, which attract investment income that has enabled EFDC to keep Council tax low, as well enabling the Council to invest in better service provision.

13.4 Many other councils have achieved debt free status by the sale of their housing stock. However, this Council still retains its housing stock (in accordance with tenants’ wishes), which means that, unlike these other councils, EFDC has not had to rely on this source of capital receipt to achieve debt free status, or to receive significant investment income. In addition, the Council has also been able to retain other significant assets - that either perform well now, or have good potential - including North Weald Airfield.

Relatively High Exchequer Support

13.5 The Council recognises that it receives relatively high Exchequer support, which reduces the amount of income required from Council Tax. Although most of this financial support is due to the Government’s recognition that the Epping Forest District is a high cost area, it is also recognised that it includes an element of “floor support”, which is additional income to the amount the Council should receive according to the Government’s calculations. However, by the end of the current Comprehensive Spending Review period, the annual value of the floor support will have reduced to £32,000.

Balances

13.6 Again, due to good financial management, EFDC has accumulated significant General Fund balances. This enables the Council to take a medium term view of likely expenditure (i.e. five years) and utilise balances to:

- even out predicted troughs and peaks;
- increase appropriate revenue expenditure in a planned way; and
- obtain investment income from the balances;

that enables the Council Tax to be kept low.

13.7 The table below is taken from the Council's Medium Term Financial Strategy and shows the planned use of balances over the next four years:

General Fund Balances Forecast				
	2008/9	2009/10	2010/11	2011/12
Opening Balance	6,875	7,093	6,865	6,478
Surplus/(Deficit)	218	(228)	(387)	(371)
Closing Balance	7,093	6,865	6,478	6,107

Efficiency Gains

13.8 The Council has always strived to ensure that its services are efficient and effective. However, from 2005, following a national review by Sir Peter Gershon, local authorities were encouraged to achieve efficiency gains from their services – either to provide the same level of service at a lower cost, or to provide a better level of service at the same cost.

13.9 In recognition of the fact that local authorities, like this Council, have been achieving efficiency gains over a number of years in advance of the efficiency requirements introduced in 2005, a concession was made by Government that allowed efficiency gains achieved in 2004/05 to be included in the overall process. Table Eleven below summarises the £5.34m efficiency gains achieved up to April 2008 and shows that the Council's savings target of £1.23m by 31 March 2008 was achieved two years early, and has been exceeded by some £4m.

Table Eleven – Efficiency savings

Year	Annual Efficiency Gains	Cumulative Efficiency Gains
2004/05	£0.29m	£0.29m
2005/06	£1.17m	£1.46m
2006/07	£1.76m	£3.22m
2007/08	£2.12m	£5.34m

13.10 A number of initiatives that have contributed towards these efficiency gains, and/or will contribute in the future, are set out below:

Corporate restructuring

13.11 The Council has recently completed a full restructuring of its staffing complement, with the aim of re-aligning services to improve delivery to customers, and making efficiency savings. The initial phase of the restructuring focused on the chief officer level and generated ongoing savings of £200,000 per annum. Below this level, further savings of £300,000 per annum were made.

13.12 The majority of these savings are being used to fund the Council's new "Safer, Greener, Cleaner" initiative, which should result in improved performance in the areas of waste and environmental management, and community safety.

Assets Disposals

13.13 The Council's Asset Management Plan for the period 2007/2012 highlights the importance of effective management of the Council's land and property assets to ensure

maximum benefit and minimum risk. As an important element of the corporate asset policy, the Council seeks to maximise the performance of the investment properties, that currently produce an income of some £3.95 million per annum, through full implementation of rent reviews, lease renewals, re-letting of vacant properties as they arise and pursuing opportunities to improve asset values.

13.14 In addition, the Council maintains a continuous property review programme to identify surplus or underused land and property assets to raise capital receipt income for the achievement of the Capital Strategy and the Capital Programme. Major land sales including the Lorry Park and T11 sites; Langston Road, Loughton; the former Lambs' Garage site, High Road, Loughton; and the former Parade Ground, North Weald have been completed within the past four years producing capital receipts of £20.5 million.

Procurement Savings

13.15 The efficiency savings summarised in Table Eleven above include £1.2 million of procurement savings. Now a Procurement Officer is in post, and further collaborative work is being undertaken with the Essex Procurement Hub, further savings should arise.

Externalisation of Leisure Centres

13.16 The externalisation of the Council's leisure centres has brought about:

- revenue savings of £1.1m over the contract period
- the transfer of financial risk to the contractor
- £1.3m of additional external investment in new facilities; and
- an increase in user participation.

Housing Efficiencies

13.17 Efficiency gains achieved by the Housing Directorate during the period 2004/05 to 2007/08, totalled £1.1m, which were made through 20 separate efficiency initiatives. These efficiency gains accrue from either providing the same service at a lower cost, or a better service at the same cost.

Use of Resources Working Party

13.18 A Use of Resources Working Party has been established for the past three years, comprising senior officers from a number of services, chaired by the Director of Housing. This Working Group has overseen an improvement in the Council's Use of Resources, including value for money issues.

Value for Money Strategy

13.18 To support the Council's improvement, a Value for Money (VFM) Strategy has been developed and implemented across the Council. This seeks to achieve and, where possible, improve value for money by ensuring that:

- costs compare well with other local authorities, and where appropriate other sectors, allowing for external factors;
- costs are commensurate with service delivery, performance and outcomes achieved;
- costs reflect policy decisions;
- performance in relation to value for money is monitored and reviewed;
- improved value for money and efficiency gains are achieved;

- full long term costs are taken into account when making procurement and other spending decisions; and
- external funding and partnership opportunities are sought in order to enhance funding by the Council.

13.19. The VFM Strategy sets out the Council's approach to achieving these aims, including the responsibilities of members and officers for the delivery of value for money.

Value for Money Analysis Tool

13.20 A detailed VFM Analysis Tool has been introduced, the aim of which is to identify and compare/benchmark costs and performance for all key Council services, both internal and external. It is separated into the all the Council's services that have BVPIs and LPIs. For each service, there are three distinct groupings of data, relating to each service area activity, as follows:

- Clutches of BVPIs and LPIs
- Clutches of cost information
- A short commentary on performance and cost

13.21 The VFM Analysis is reviewed by the Finance and Performance Management Scrutiny Panel, which has the responsibility of using the VFM Analysis to carry out a scrutiny of the Council's performance and costs, compared to national/regional/local benchmarks where available, and to the links to KPI, BVPI and LPI performance, on an annual basis.

13.22 As part of this process, the Scrutiny Panel considers whether any of the information provided by the VFM Analysis should be brought to the attention of the Council's Overview and Scrutiny Committee for further and more detailed analysis. For example, in the past, at the Scrutiny Panel's recommendation, the Overview and Scrutiny Committee has set up a Task and Finish Panel to investigate and analyse the value for money obtained from planning services. It has also asked for a detailed report in the past on the value for money obtained from the externalisation of leisure centres.

14. The Citizen's Perspective

14.1 It is possible – and indeed important - to consider the Council's costs, and Value for Money, from the citizen's perspective, by considering how much citizens receive, in terms of services, for each £1 of Council Tax they pay.

14.2 This can be calculated, firstly, by deducting the parish precepts figure from the net spend data, to obtain a purely "district council spend per head". A Council Tax per head figure is obtained by multiplying up the Band D charge by the taxbase, and then dividing by the population. If the district spend per head is then divided by the Council Tax per head, the ratio of service provided per pound of Council Tax paid is calculated.

14.3 For EFDC, the district spend per head is £147.39 and the Council Tax per head is £61.01. This gives a ratio of 2.42 or, expressed differently, for every £1 of Council Tax paid the people of the District get back £2.42 in services.

14.4 For the Nearest Neighbour Group, it has been calculated that Broxbourne BC provides the best VFM for their taxpayers, with a ratio of 2.82, followed by Hertsmere DC and Tunbridge Wells DC with 2.68 and 2.46 respectively. The EFDC ratio of 2.42 places this Council 4th in the group of 16. At the bottom of the table, Reigate & Bansted have a ratio of only 1.8, followed by South Oxfordshire and East Hertfordshire with 1.83 and 1.85 respectively.

14.5 On this basis, it can be concluded that - from the perspective of the Council Tax payer - EFDC provides reasonable value for money.

15. Conclusion on the Need to Reduce EFDC's Costs

15.1 EFDC's Council Tax is currently very low, and will remain relatively low for at least the next three years, due to a number of reasons, including significant efficiency gains. The Council is in a healthy financial position and does not have a funding problem. Therefore, there is no reason or need to reduce EFDC's overall net expenditure on services, in order to simply reduce the overall cost of General Fund services.

16. Improving Performance

16.1 Although there is an ongoing need to seek cost reductions through improved efficiency, the preceding sections identified that there is no need to reduce overall costs unnecessarily. Consideration now needs to be given to whether or not there is a need to improve performance.

16.2 Section 8 sets out the Audit Commission's assessment of the Council's performance, with which the Council agrees. There is clearly a need to improve the Council's overall performance, as well as its performance in specific areas.

16.3 Notwithstanding this, the Council has introduced a number of initiatives to improve performance, some of which have an "investment lag" between the time significant additional resources are invested in a new or improved service provision, and the time associated improvements in performance are achieved.

16.4 Performance initiatives include:

Improved Waste Management and Street Cleansing Performance

16.5 The new waste management contract has a range of features to enhance performance and provide enhanced services. The contract is performance-based with the contractor receiving profit and overhead payments only if KPIs are attained, these being set on a monthly and annual basis. Street cleansing standards exceed those required by the "Litter Code of Practice", with enhanced standards of cleanliness and response in high activity areas such as town centres and where there is an active night time economy.

Improved Planning Performance

16.6 In 2003/4, EFDC's performance on its planning service (in respect of on BVPI 109) was such that the Council was made a Standards Authority by the Government. However, by 2007/8, the EFDC's BV 109 figures had significantly improved - well above the Government target and are just below top quartile. Further improvements have been agreed by the Council to improve performance, for example, moving to a three-week Committee cycle to determine planning applications throughout the year. The following table shows the improvements over the last four years (between 2003/4 and 2007/8):

BVPI No	Definition	2003/4	2004/5	Improvement (%)
The percentage of planning applications determined in line with the Government's new development control targets to determine:				
109 (a)	60% of major applications in 13 weeks	48 %	79 %	65 %
109 (b)	65% of minor applications in 8 weeks	57 %	78 %	37 %
109 (c)	80% of other applications in 8 weeks.	78%	89 %	14 %

16.7 The Council has also established a Scrutiny Panel to consider value for money within the development control function in particular. The Scrutiny Panel's conclusions included the following points:

- There has been a general upwards increase in workload (an increase of 20% between 2000/1 and 2007/8);
- An investment in planning services of around an additional £100,000 has removed a substantial backlog in applications; and
- The Council's professional planning staff continue to have very considerable average case loads, compared to the suggested Government figure of 150 cases.

Reduction in Staff Sickness and Turnover

16.8 Last year, there was a significant reduction in sickness levels through the introduction of a carefully managed sickness absence policy, which increased productivity. In 2007/8, staff sickness reduced by an average of 2.5 days per employee, amounting to an efficiency gain valued at around £200,000.

16.9 Improved value for money has also been obtained from its staff resource, by reducing EFDC's annual staff turnover to approximately 12%, from 15% four years ago. This has resulted in savings, through reduced costs associated with advertising, recruitment, training and staff development.

16.10 The Council is also about to enter into an innovative contract with Capita for the recruitment of permanent and temporary staff, which should reduce recruitment costs in the future, due to it being a shared recruitment initiative with the majority of other Essex councils.

Use of Key Performance Indicators and Key Action Plans

16.11 As explained in Section 8.6, the Council has introduced "key performance indicators" (KPIs), in order to focus the Council's attention on those areas of performance that are the most important to achieving the Council's objectives.

16.12 For each of these KPIs, action plans are formulated to either maintain or achieve top quartile performance. These action plans are approved by members.

Quarterly Monitoring of Performance Indicators

16.13 As part of the Council's Value for Money Strategy, all performance indicators are monitored by Directors on a quarterly basis, and action required to improve performance is identified.

16.14 KPIs are monitored quarterly by members through the Council's Finance and Performance Management Scrutiny Panel, with reports provided on each KPI.

17. Conclusion on the Future Focus of the Council's Value for Money Strategy

17.1 It is very important that the Council strives to continuously improve value for money. However, this VFM Review has established that:

- Although the Council's net costs are comparatively high (using the Audit Commission's VFM Profiles Tool) there is no need to reduce the Council's overall costs, but
- There is a need to improve the Council's overall performance and the performance in specific areas.

17.2 Therefore, the Council has concluded that it will continue to seek and implement efficiency gains, and reduce costs at service levels where possible. Rather than reduce costs, it will then continue to re-invest the savings, in a targeted way, to help improve performance further.

17.3 To justify EFDC's level of spend, and the re-investment of efficiency gains, EFDC must improve its performance.

18. Summary of Findings and Conclusions

The findings and conclusions from this VFM Review can be summarised as follows:

- 18.1 Use of the Audit Commission's VFM Profile Tool needs to be treated with caution, especially when comparing EFDC's performance with other councils.
- 18.2 Although the costs of a number of individual services are relatively low, they are countered by a smaller number of high-expenditure services that are comparatively high (i.e. waste management and benefits administration), resulting in a relatively high net cost of General Fund services overall.
- 18.3 The Council agrees with the Audit Commission's view that the Council's overall net costs, based on estimated income and expenditure, "are higher than comparable councils", using the Audit Commission's VFM Profile Tool.
- 18.4 The Council's perceived costs shown within the Audit Commission's VFM Profile Tool are artificially high for a number of reasons, including the inclusion of parish precepts, the Council's operation of a District Development Fund (DDF) and the effects of the Audit Commission using **estimated** expenditure to assess councils' costs.
- 18.5 If these artificial costs were excluded, it would reduce EFDC's total cost of General Fund services by around £35.55 per head, which would result in EFDC being ranked higher, probably above the median of all district councils, or even in the top quartile.

- 18.6 The Council knows where its costs are high compared to other councils, and understands the reasons.
- 18.7 Despite apparently high costs, EFDC's Council Tax is very low - for a number of good reasons, including prudent financial management - and will remain relatively low for at least the next three years. The Council is in a healthy financial position and does not have a funding problem.
- 18.8 From the perspective of the Council Tax payer, the Council believes EFDC provides good value for money.
- 18.9 The costs of landlord housing services within the Housing Revenue Account, compared to other stock-holding councils are low.
- 18.10 Performance is mixed, with good performance by some services, and poor performance in others. Overall, performance can only be regarded as "average", compared to other councils.
- 18.11 Performance has improved over time, but not at the same rate as a number of other councils.
- 18.12 There is no reason or need to reduce EFDC's expenditure on services, in order simply reduce the overall cost of General Fund services.
- 18.13 The Council has successfully achieved efficiency gains over a number of years, and is continuing to make further savings and improve performance, although there will be an "investment lag" before some of these savings result in improved performance.
- 18.14 The Council's approach to Value for Money for the future should focus on continuing to seek efficiency gains and a reduction in costs at service levels, and to then re-invest savings, in a targeted way, to help improve performance further.
- 18.15 It is essential that the Council's conclusions and findings are drawn to the attention of the Audit Commission when they next undertake an assessment of the value for money provided by the Council, as part of the Use of Resources Assessment.
- 18.16 The Audit Commission's attention - both locally and nationally - should also be drawn to the Council's serious concerns about the accuracy and reliability of comparing the Council's costs with other councils, using the Audit Commission's VFM Profiles Tool, and the fact that a third of all local authorities in England have not allocated all their costs in full, which significantly distorts all the rankings. It is also suggested that the Audit Commission should audit local authorities submitted cost data, in the same way as submitted performance data is audited.

Appendices

Local Authority Groupings Used in the Audit Commission's Comparator Tables

Groupings of Local Authorities for all Data and Indicators other than Housing

Nearest neighbours

Borough of Broxbourne
Epping Forest District Council
Hertsmere Borough Council
Tunbridge Wells Borough Council
Spelthorne Borough Council
North Hertfordshire District Council
Sevenoaks District Council
Dacorum Borough Council
Three Rivers District Council
Reigate and Banstead Borough Council
Brentwood Borough Council
Test Valley Borough Council
East Hampshire District Council
South Oxfordshire District Council
Mid Sussex District Council
East Hertfordshire District Council

ONS LA Cluster

Epping Forest District Council
Hertsmere Borough Council
Sevenoaks District Council
Three Rivers District Council
Chelmsford Borough Council

CDRP Family Group

East Staffordshire Borough Council
Epping Forest District Council
Lewes District Council
Hertsmere Borough Council
Maidstone Borough Council
Tunbridge Wells Borough Council
North Hertfordshire District Council
Tewkesbury Borough Council
Sevenoaks District Council
Tonbridge and Malling Borough Council
Dacorum Borough Council
Three Rivers District Council
Brentwood Borough Council
Chelmsford Borough Council
East Hertfordshire District Council

Local Authority Groupings Used in the Audit Commission's Comparator Tables

Groupings of Local authorities for Housing Performance Indicators Only

Note - Different local authority groups are included in the Housing Performance Indicator tables for some specific indicators. These are shown below here. The reason for the variance is that local authorities that have transferred their stock are excluded from indicators relating to the landlord function. However, they have not been excluded from indicators which relate to other local authority functions such as homelessness.

Nearest Neighbours

Three Rivers District Council
Epping Forest District Council
Dacorum Borough Council
Brentwood Borough Council

ONS LA Cluster

Three Rivers District Council
Epping Forest District Council

CDRP Family Group

Three Rivers District Council
Epping Forest District Council
Dacorum Borough Council
Lewes District Council
Brentwood Borough Council

Performance Indicators used by the Audit Commission in its Value for Money Assessment of the Council

INTRODUCTION

Set out below are details of the performance indicators used to evaluate the performance of individual services by the Audit Commission. This data has been extrapolated from the Commission's Value for Money website. As with the information provided in the main body of the report, the comparator groups used are Nearest Neighbours, Office of National Statistics Local Authority Cluster and the CDRP Family Group. Given the large number of indicators included on this site, the comparative ranking of EFDC within the relevant Council grouping has been given, along with details of performance in the 'Nearest Neighbour' group, rather than all comparator groups.

It should be noted that the local authorities grouped within each comparator group are smaller in number for some of the Housing related performance indicators. A list of these groups is included at Appendix 1. The reason for the smaller groups is that some Authorities have externalised their housing stock, and the indicators are therefore not always applicable to them.

It should also be noted that although a large number of indicators are shown on the site, performance data for many of them has been omitted. The reason for this is not known, although it is possible that the Commission is relying on data from other parts of its website. Finally, care should be taken with the polarities/ranking of authorities in each indicator. A ranking of 1/5 may indicate either good performance or poor performance, depending on the indicator definition itself. The "best" polarity is stated in each table. Also, some indicators are designed to express volume of activity only, and the ranking given is simply to compare volume between one authority and another. In short, the ranking given needs to be considered carefully against the specific definition for each indicator when the data is interpreted.

PLANNING PERFORMANCE INDICATORS

1. Planning appeals – number of decisions made in year (2006/07) *(nb. This is an indicator of volume of activity, not performance).*

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Reigate & Banstead: 125 Bottom – Spelthorne DC: 35 EFDC: 110	2/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

The number of planning appeals has increased by 17.2% over the previous year, and corresponds to 5.9% of all applications decided. The high number of appeal decisions clearly indicates an increased propensity for applicants to appeal against refusals of planning permissions compared to comparator groups. The effect of this higher level of appeals is to increase the cost base of Planning in Epping Forest compared to other

authorities, as it is necessary to fund the work on these appeals, in terms of officer time, consultant time or specialist advice.

2. Appeal decisions in a year: % of appeals allowed (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 53% Bottom – Dacorum DC: 19% EFDC : 30%	11/16
ONS Local Authority Cluster	5/5
CDRP Family Group	10/15

Commentary:

The ranking in this measure indicates that Epping Forest District Council Planning Services was amongst the more effective of authorities in the comparator groups in terms of the percentage of appeal decisions decided in the Council's favour. This would reflect that the expenditure on contesting these appeals effectively does result in a better level of performance than in comparison authorities.

3. Planning delivery grant as a % of budget (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Broxbourne BC: 80.10% Bottom – Tun Wells BC: 9.30% EFDC: 11.5%	10/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

The use of PDG as a % of budget is not an indicator of performance, rather, the key issue is how PDG has been used. At EFDC it has been used in addition to existing funding to fund new projects and future improvement, whereas at Broxbourne it would appear from these figures to have been used to replace existing funding. Another issue with this measure is the actual use of PDG, which was not ring fenced to Planning. In EFDC most of the funding was used by Planning, whereas at other authorities, despite having a higher percentage of PDG compared to Planning Budget, this may not have been the case.

4. Planning applications: number of applications decided (2006/07)

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top - S Oxfordshire DC: 2,3995 Bottom - Broxbourne BC: 868 EFDC - 1863	7/16
ONS Local Authority Cluster	3/5
CDRP Family Group	6/15

Commentary:

This shows that EFDC deals with a substantially higher number of applications than most other authorities. This in some ways shows why EFDC has a higher cost base than other authorities in the comparator groups. In the year ending April 2008 the number of applications determined has increased further.

5. Planning applications: % of applications decided in target time (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – East Hants DC:95.2% Bottom – BrentwoodBC: 71.3% EFDC: 85.8%	7/16
ONS Local Authority Cluster	3/5
CDRP Family Group	8/15

Commentary:

Performance in 2006/07 was continuing to improve, and this improvement has continued further in 2007/08. EFDC's performance in terms of the Nearest Neighbour Group has seen a major change in 2006/7, compared to 2005-6; the ranking of EFDC has moved from 15/16 up to 7/16, which reflects that the number of applications decided in time this year was some 11.2% greater than the previous year .

HOUSING PERFORMANCE INDICATORS

6. Average number of households in Bed and Breakfast accommodation (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 24 Bottom – Broxbourne: 0	1/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

All of the households accommodated by EFDC in B&B accommodation are single households. EFDC's performance has improved dramatically since these figures were collated. At the end of March 2008, there were only 11 households in B&B (a reduction of 54% since 2007). The Housing Directorate is working on reducing this figure further, to a small core number, representing a small number of individual households for whom it would be inappropriate to accommodate in EFDC's Homeless Persons Hostel and are best accommodated in B & B.

7. Average number of households accommodated in hostels (including women's refuges): Annual (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – N Herts DC: 100 Bottom – S Oxfordshire DC: 0 EFDC: 41	2/16
ONS Local Authority Cluster	1/5
CDRP Family Group	2/15

Commentary:

All of the households accommodated by EFDC in hostel accommodation are at Norway House, North Weald. It would be a poor use of resources if EFDC did not maximise occupancy of the Hostel. Indeed, because of concerns raised by Essex Supporting People that the hostel is not utilised to maximum capacity (to ensure that there are always vacancies to accommodate an abnormal number of homeless families at any one time), Essex County Council has penalised EFDC by not providing an inflationary increase in the Supporting People grant that EFDC receives for the provision of support at the hostel in 2008/9. This is currently being challenged by housing officers.

It should be noted that EFDC's overall use of temporary accommodation for homeless families is very good. EFDC met the Government's target - of reducing the number of homeless households in temporary accommodation by 50% - one year early, in April 2007. Therefore, EFDC would argue that, taken in the round, the apparent high usage of hostel accommodation should not be considered as poor performance and that the use of hostel accommodation forms an important part of EFDC's overall Homelessness Strategy.

8. Average number of households accommodated in temporary accommodation: Annual (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 211 Bottom – Dacorum BC: 24	1/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

EFDC reduced the total number of households in (all types of) temporary accommodation significantly in April 2007, and has reduced it further (by 61% from the figure reported in the table above) to 83 at the end of March 2008. As referred to in (7) above, EFDC met the Government's target - to reduce the number of households in temporary accommodation by at least 50% - one year early, in April 2007.

9. BV213 Number of homelessness cases prevented (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 10 Bottom – T Wells BC: 1	1/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in the three comparator groups. EFDC's high figure of 10 (per thousand population) was maintained for 2007/8.

10. BV74a Satisfaction of all tenants with overall service (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 85% Bottom – Three Rivers DC: 76%	1/4
ONS Local Authority Cluster	1/2
CDRP Family Group	1/5

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in the three comparator groups.

It should also be noted that the national average for all district councils in the country is 77%. Since the lowest performance in the nearest neighbour group is 76%, it can be seen that nearly all of the councils in this comparator group are above the national average – and EFDC's performance is the best.

11. Non decent dwellings tackled during 2006/07

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Dacorum BC: 231 Bottom – EFDC: 44	4/4
ONS Local Authority Cluster	1/2
CDRP Family Group	5/5

Commentary:

This is a very misleading and unfair indicator. The ability to “tackle” non-decent dwellings is dependent on the number of non-decent dwellings in the first instance. If there is a low number (due to good performance in reducing the number of non-decent dwellings in previous years), the number of non-decent homes needing “tackling” will be less.

EFDC has an excellent track record in reducing and minimising the number of non-decent homes. As at the end of March 2008, only 3.6% of the Council's 6,527 dwellings were non-decent. The national top-quartile threshold for all district councils in the country for 2006/7 was 10%, with the average being 10%, which confirms EFDC's performance on tackling decent homes is excellent. EFDC's target for the end of March 2009 is just 1.5% non-decent dwellings, for which a planned programme of works is being put in place.

12. Money spent tackling non-decent dwellings in 2006/07 (£000s)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers DC: £2544 Bottom – EFDC: £177	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	5/5

Commentary:

Again, this is an unfair and misleading indicator. The need to spend money “tackling” non-decent dwellings is dependent on the number of non-decent dwellings in the first instance. If there is a low number (due to good performance in reducing the number of non-decent dwellings, accompanied by high levels of investment, in previous years), the amount of money required to be spent to “tackle” the problem will be less.

See the commentary in (11) above on the Council's track record in reducing and minimising the number of non-decent homes.

13. % of expenditure on repairs work that was responsive (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers DC: 80% Bottom – Brentwood DC: 35% EFDC – 71%	2/4
ONS Local Authority Cluster	2/2
CDRP Family Group	2/5

Commentary:

This is another misleading and unfair indicator - due to the definition used. The indicator compares % of expenditure on responsive repairs with the overall expenditure on maintenance (including planned maintenance). However, the indicator only refers to **revenue** expenditure on responsive and planned maintenance expenditure. EFDC consciously capitalises as much maintenance expenditure as possible, whereas most other councils do not. Therefore, capital expenditure on planned maintenance (which would improve the true performance if included) is excluded.

Overall, the Council's ratio of planned expenditure: responsive expenditure is around 70:30, which is recommended is the Audit Commission's optimum ratio.

14. % of expenditure on repairs work that was planned (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 65% Bottom – Three Rivers DC: 20% EFDC: 29%	3/4
ONS Local Authority Cluster	1/2
CDRP Family Group	4/5

Commentary:

Another misleading and unfair indicator – due to the definition used. This figure is simply the balancing difference between the figure in (13) above and 100%. The same issue of excluding capitalised expenditure on maintenance referred to in (13) above applies.

15. Average weekly cost of management per unit (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – Brentwood BC: £20.46 Best – Dacorum BC: £12.48 EFDC: £20.38	2/4
ONS Local Authority Cluster	1/2
CDRP Family Group	2/5

Commentary:

It is not clear what costs have been taken into account in calculating this cost per unit, and it is likely that the inclusion of different costs will vary between authorities. However, a useful indicator of the value for money being obtained from a local authority's housing service, as landlord, is the cost of Supervision and Management (General) per property. For 2006/7, the Council's cost was £480 per property.

According to CIPFA's latest "Housing Revenue Account Statistics", the Council's cost per property was the lowest in Essex, the average of which was £760 per property. The national average for all authorities was £824 per property, and the national average for all non-metropolitan authorities was £610 per property.

Therefore, it appears that, despite the cost data in the above table, the Council's housing management costs are low.

16. Average weekly cost of maintenance per unit (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst - Dacorum BC: £18.23 Best – EFDC: £15.40	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	5/5

Commentary:

EFDC has the lowest weekly maintenance cost per unit, coupled with one of the lowest percentage of non-decent homes in the country. This represents excellent value for money.

17. Average relet times (days) (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – Dacorum BC: 87.60 days Best – Three Rivers DC: 18 days EFDC: 51.0 days	2/4
ONS Local Authority Cluster	1/2
CDRP Family Group	2/5

Commentary:

EFDC fully accepts that its performance in re-letting empty properties is poor and needs to improve. To this end, an officer Voids Working Party has been set up to review all re-let policies and procedures to streamline the performance. Furthermore, one of the main problems has been with the amount of time taken to repair voids properties. From May 2008, responsibility for this function has been passed to EFDC's Housing Directorate. The processes adopted will now be subject to intense scrutiny by the Housing Directorate, and it is anticipated that improvements will result.

18. % of urgent repairs completed within Government time limits (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Best – Brentwood BC: 98.90% Worst – EFDC: 89.0%	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	5/5

Commentary:

EFDC fully accepts that its performance in undertaking urgent repairs within the Government's time limits needs to improve.

From May 2008, responsibility for this function has been passed to EFDC's Housing Directorate, which means that the Housing Directorate now has full control of the process. The processes adopted will now be subject to intense scrutiny by the Housing Directorate, and it is anticipated that improvements will result.

19. Average time taken to complete non-urgent repairs (days) (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – EFDC: 28 days Best – Brentwood BC: 15.50 days	1/4
ONS Local Authority Cluster	2/2
CDRP Family Group	1/5

Commentary:

Again, EFDC fully accepts that its performance in undertaking non-urgent repairs within a reasonable timescale needs to improve.

See the commentary for No. 18 above detailing the proposed way forward.

20. Satisfaction of tenants with the repairs and maintenance service provided by their landlord (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 84% Bottom – Three Rivers BC: 74%	1/3
ONS Local Authority Cluster	1/2
CDRP Family Group	2/4

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in two of the three comparator groups.

21. Average rent per dwelling (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top - Three Rivers BC: £69.48 Bottom – EFDC £64.86	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	4/5

Commentary:

Although, on the face of it, the data suggests EFDC’s “performance” on rent levels is good (by having the lowest average weekly rents), this is not a true performance indicator. This is because rent levels are set by reference to a Government formula linked to property prices and average wages. Therefore, rent levels should be higher in areas of higher property prices.

However, local authorities do have some control over their approach to annual rent increases (and how quickly property rents reach target levels), which is therefore linked to

VFM and performance. According to CIPFA, the Council had the lowest average rent increase in Essex in 2006/7 (£2.06 per week). The average was £2.63, with the highest (Uttlesford) at £3.05 per week (a council known to be experiencing financial difficulties). Furthermore, despite being in a high cost area, the Council's rent increase was also well below the non-Metropolitan Council average of £2.52 per week, and the all-England average of £3.92 per week.

22. BV66a: % of rent collected (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers DC: 98.91% Bottom – Dacorum BC: 98.22% EFDC: 98.83%	2/5
ONS Local Authority Cluster	2/2
CDRP Family Group	3/5

Commentary:

Although not the highest rent collection rate amongst the comparator groups, the Council's ongoing rent collection performance is very good. Furthermore, it should be noted that, in 2007/8 (the most recent full year), the Council's rent collection rate increased significantly to 99.41%, which is not only the highest amongst the three comparator groups (for 2007), it is also well within the top quartile of all district councils, the threshold of which for 2006/7 (last available) was 98.81%.

23. Rent written off as not collectable, as a % of a Local Authority's rent roll (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 0.34% Bottom – Brentwood BC: 0.11%	1/5
ONS Local Authority Cluster	1/2
CDRP Family Group	1/5

Commentary:

It is felt that this is not a useful indicator of performance, since it depends on an individual authority's approach to writing off rent arrears. Some do not regularly write-off areas, some (like EFDC) write off arrears regularly for cases assessed as being unrecoverable.

24. % of rent lost through vacancies (2006/07)

<i>LOW ranking is best</i>	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – Three Rivers: 1.71% Best – EFDC: 1.01%	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	4/5

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in two of the three comparator groups.

In 2006/7, according to CIPFA's Housing Revenue Account Statistics (last available), the Council's rental loss for voids, as a percentage of the gross rent, reduced further to 0.97%. This was the third lowest in Essex, and compares very well to the Essex average for 2006/7 of 1.50%. The average for all non-Metropolitan districts was 2.07%, and the average for all councils was 2.33%.

SPORTS AND LEISURE INDICATORS

25. BV119a – Satisfaction with sports and leisure facilities (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Hertsmere BC: 70% Bottom – Reigate & Banstead BC: 46% EFDC – 59%	10/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

Performance against this indicator has improved significantly over the last three years. During this time there has been significant investment of £1.3 million by the Leisure Management contractor in new facilities, which was one of the key objectives of externalisation.

The District Council is only responsible for a limited range of sports and leisure facilities, some of which in the District are the responsibility of the private or voluntary sector or Town and Parish Councils.

26. BV119c User Satisfaction with parks and open spaces (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 87% Bottom – Sevenoaks DC: 73% EFDC: 76%	9/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

The District Council has largely transferred the management and provision of Parks and Open Spaces (including playgrounds, allotments and cemeteries) to Town and Parish Councils, so this indicator is not a true measure of EFDC's performance.

27. % of adults participating in at least 30 minutes moderate intensity sport and active recreation on 3 or more days a week (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Test Valley BC: 26.90% Bottom – Broxbourne BC: 17.73% EFDC: 20.87%	13/16
ONS Local Authority Cluster	45
CDRP Family Group	12/15

Commentary:

The data from Sport England's Active People Survey shows that EFDC has the second highest participation level in Essex. This survey was used as the basis for this indicator.

CULTURE AND HERITAGE PERFORMANCE INDICATORS

28. BV119c User Satisfaction with museums and galleries (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Tun Wells BC: 54% Bottom – Reigate & Banstead BC: 15% EFDC: 24%	10/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

We do not provide gallery space, other than a small temporary exhibition space at the Museum. This is partly due to the District's proximity to London, with its wide range of galleries. Our museum is relatively small and targeted on young people/outreach education work. This means that the audience for our activities is a discrete one, reflecting our cultural and other objectives. In light of this, it is not surprising that this indicator registers average levels of satisfaction.

29. BV119d User Satisfaction with Theatres and Concert Halls (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top - Tunbridge Wells: BC 62% Bottom: EFDC 18%	16/16
ONS Local Authority Cluster	5/5
CDRP Family Group	15/15

Commentary:

We have no theatres or concert halls in the District, so our satisfaction rating will be low. It is arguable that this indicator should be excluded in light of this. That said, we support Harlow

Playhouse our sub regional theatre. Given the District's proximity to London theatres, it is difficult to justify a local provision.

HOUSING AND COUNCIL TAX BENEFIT PERFORMANCE INDICATORS

30. BV80g – Overall satisfaction with the Benefits Office (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Spelthorne BC: 87% Bottom – S Oxfordshire DC: 72% EFDC: 77%	10/15
ONS Local Authority Cluster	3/4
CDRP Family Group	10/14

Commentary:

Whilst EFDC is in 10th place with 77%, it is worth setting the context by saying that only 5 of the 15 nearest neighbour group have a score above 80. Or put another way if you go plus or minus 3% of the EFDC score you include 9 of the 15 authorities. Having set the context, it is also true that the Benefits Division is seeking to improve user satisfaction and has worked on improving the claim form and expanding the information on the Council's website.

31. HB and CTB processing: workload measure for benefits administration (2006/07)

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Test Valley BC: 38,091 Bottom – Brentwood BC: 14,090 EFDC: 25,909	6/16
ONS Local Authority Cluster	3/5
CDRP Family Group	7/15

Commentary:

This indicator measures the workload of the benefits department not the performance of the department. It usefully highlights the difference in scale of the benefits operations run by those in a supposedly similar family group. EFDC is in the middle of the group and one must question the usefulness of being compared with authorities that either have only half of our workload or nearly one and a half times our workload.

32. BV76a – HB security: Number of claimants visited per 1000 caseload (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Test Valley BC: 453.87 Bottom – Sevenoaks DC: 165.60 EFDC: 215.98	8/15
ONS Local Authority Cluster	4/5
CDRP Family Group	8/15

Commentary:

Performance here is broadly in the middle of the range for the nearest neighbour and CDRP family groups. However, it is important to remember that the DWP set the targets that authorities had to achieve for visits and these varied considerably between authorities. Those authorities given higher targets for visits will have allocated more resource to achieving their targets. Therefore it may be more useful to compare performance here against the DWP targets rather than against other authorities. In this respect EFDC has done well against this indicator by exceeding the number of visits required by the DWP.

ENVIRONMENT PERFORMANCE INDICATORS

33. Household Waste Collected/arising – tonnes (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Dacorum BC: 59,697.55 Bottom – Brentwood BC: 28,983.78 EFDC: 49,935.84	11/16
ONS Local Authority Cluster	4/5
CDRP Family Group	9/15

Commentary:

This indicator measures activity in waste collection, rather than being a specific performance measure.

34. Minimum % of waste which must be sent for recycling or composting (2006/07)

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Sevenoaks DC: 30% Bottom – East Herts DC: 18% EFDC: 30%	8/15
ONS Local Authority Cluster	4/5
CDRP Family Group	8/15

Commentary:

These are statutory targets set by the Government, and therefore not comparable for performance purposes.

35. BV89 % of people satisfied with the cleanliness standard of their area (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 78% Bottom – Dacorum BC: 59% EFDC: 65%	13/16
ONS Local Authority Cluster	4/5
CDRP Family Group	13/15

Commentary:

Satisfaction data is regrettably low, but this is considered to be a consequence of the timing of the survey which coincided with the introduction of the wheeled bin service alongside alternate weekly collections leading to an expressed overall dissatisfaction with the waste service generally. This period also coincided with the demise of the former waste contract and the operation of temporary arrangements with an interim service provider which led to some service irregularities. The newly let contract has enhanced standards and strict performance criteria.

36. BV82 (i)a and BV82 b % of waste recycled or composted (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers BC: 45.6% Bottom – Spelthorne BC: 19.5% EFDC: 37%	4/16
ONS Local Authority Cluster	2/5
CDRP Family Group	4/15

Commentary:

. This is not relevant to the indicator described. The Council's recycling rate continues to increase being near to the best performers in all comparator groups and this level of performance does lead to increased costs. However, within those increased costs are the effects of the former contract Administration, the emergency interim arrangements and the costs of procuring a new contract.

Council Tax Levels and Increases – Essex (2005/6 – 2008/9)

Authority	Band D 2005/06	Increase	Band D 2006/07	Increase	Band D 2007/08	Increase	Band D 2008/09
	£	%	£	%	£	%	£
Uttlesford	122	4.5	127	2.5	130.14	5	136.62
EFDC	131	2.46	134	3.5	139.50	2.5	143.01
Tendring	126	4.9	132	4.9	138.58	4	144.12
Chelmsford	136	3.7	141	2.95	145.08	4.7	151.92
Braintree	137	4.3	143	3.8	148.59	4.3	154.98
Maldon	144	4.7	151	3.52	157.00	4.46	164.00
Brentwood	148	3.8	154	3.98	159.93	4	166.32
Colchester	152	2.7	156	3.5	161.73	2.9	166.41
Rochford	163	4.9	171	4.9	179.28	4.87	188.01
Castle Point	199	2.7	204	2.44	204.30	3.96	212.40
Basildon	214	4.5	224	3.5	231.66	4.5	242.01
Harlow	224	2.9	230	1.9	235.26	2.9	242.10

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Report to the Finance and Performance Management Cabinet Committee

Date of meeting: 31 July 2008

Portfolio: Finance and Performance Management (Councillor C. Whitbread)

Subject: Use Of Resources Assessment 2007/08 – Self-Assessment Submissions and Value For Money Review

Responsible Officer: S. Tautz (01992 564180)

Democratic Services Officer: G. Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) That the Committee consider the Council's draft self-assessment submissions in respect of Use Of Resources and Value For Money, for the Use Of Resources assessment for 2007/08;**
 - (2) That the Committee consider the detailed 'Value For Money Review' of the Council's costs and performance, undertaken in light of the Audit Commission's concern at the level of costs identified in its Use of Resources Judgement for 2006/07;**
 - (3) That, subject to the recommendations of the Committee, the draft self-assessment submissions for the Use Of Resources assessment and the Value For Money Review, be adopted by the Cabinet at its next meeting; and**
 - (4) That, subsequent to the adoption of the draft self-assessments by the Cabinet, the Chief Executive be authorised to amend the documents as necessary prior to their submission to the Council's external auditors, to incorporate any additional details in relation to the authority's performance.**
1. Local authorities are responsible for ensuring that they have proper arrangements in place to secure economy, efficiency and effectiveness in the use of public money, and the Audit Commission is tasked with providing assurance that this is being achieved. To do this, the Council's performance and financial management arrangements are examined through the Use Of Resources (UOR) assessment process. UOR forms an important part of the annual Direction of Travel Assessment, which is undertaken by the Council's appointed external auditors and reflects the conclusions about whether the authority is improving, and the extent of any such improvement.
 2. In addition to the findings of the UOR assessment, the Direction of Travel Assessment is based on the authority's achievement of Value For Money (VFM), its performance against Best Value Performance Indicators during the last year and other inspection exercises carried out over the previous twelve months. The findings reached about the authority in the Direction of Travel Statement are important as they can trigger intervention or further inspection, and an unfavourable judgement could also have a negative impact on the Council's public reputation. The UOR assessment supports continuous improvement and helps to establish minimum requirements for future external audit and inspection.

3. UOR involves an assessment of the Council's overall performance against the following Key Lines of Enquiry (KLoE), that describe what performance at each level might look like, or which identify the arrangements that should be in place:
 - **Financial Reporting** – How good are the Council's financial accounting and reporting arrangements?
 - **Financial Management** – How well does the Council plan and manage its finances?
 - **Financial Standing** – How well does the Council safeguard its financial standing?
 - **Internal Control** – How well does the Council's manage its significant business risks?
 - **Value For Money** - How well does the Council achieve good value for money?

4. The KLoEs are rooted in a number of sources, including statutory and professional requirements, and best practice. The Council is required to provide evidence to support its progress and achievements against the KLoE criteria, focusing on whether there have been any changes to the authority's arrangements since the last assessment. The following scale developed by the Audit Commission is used to score judgements against each KLoE:
 - 4 = well above minimum requirements – **performing strongly**;
 - 3 = consistently above minimum requirements – **performing well**;
 - 2 = at only minimum requirements – **adequate performance**; and
 - 1 = below minimum requirements – **inadequate performance**.

5. Following the first UOR assessment in 2005, the former Management Board established an officer level Use of Resources Working Party, with the primary focus of improving performance against the KLoEs and the Council's overall UOR score. Improvements were subsequently achieved in a number of areas for 2006 and the Working Party was re-established for 2007, and again in 2008 in advance of the current assessment.

6. The Cabinet will be aware that the Council increased its overall UOR score to 3 (Performing Well) last year, when the assessment was made against a more challenging set of KLoE criteria. For the current assessment, the Audit Commission has raised the bar still further, in terms of the levels of demonstrable progress necessary to maintain or improve overall UOR performance.

7. Local authorities are invited to complete a VFM self-assessment as part of the overall UOR assessment process. Although this is not a mandatory requirement, it is considered beneficial for the Council to complete a self-assessment, highlighting areas of improvement. In addition, and although again not a mandatory requirement, it is felt that the Council should also complete a UOR self-assessment for 2007/08, based around the UOR KLoEs. The completion of the self-assessments provides an opportunity to set out the Council's corporate approach to the use of resources and its provision of value for money services, and to articulate current performance and progress over the last year.

8. The draft UOR and VFM self-assessments for 2007/08 are attached as Appendix 1 and 2 to this report. The self-assessments are required to be submitted to the Council's external auditors by September 2008, with subsequent on-site validation due to take place shortly thereafter. In order that the content of the self-assessments can be as current and up to date as possible, it is proposed that they be formally adopted by the Cabinet at its meeting on 1 September 2008.

Value For Money Review

9. At the meeting of the Audit and Governance Committee in January 2008, members considered a report of the Audit Commission setting out its Use of Resources Judgements for 2007, and the Commission's assessment of the Council's performance against the KLoEs that make up the UOR assessment framework.
10. The Audit and Governance Committee noted that, whilst the Council had improved its overall UOR performance to the score of 3 referred to in paragraph 11 above, the authority had only attained a score of 2 (Adequate Performance) for the VFM element of the assessment. This score was supported by the comment of the Commission that 'the Council's costs are higher than comparable councils, although they are reducing'. In view of this comment and the importance of value for money, it was agreed by the Cabinet at its meeting on 9 June 2008 that a detailed VFM review be undertaken to explore the facts which underlie the Commission's statement. The review has been pursued through an analysis of information available from a variety of sources (including cost and performance data published by the Audit Commission), and consideration of the validity of the data used by the Commission, in order to reach an overall conclusion on the provision of value for money by the Council. A presentation on the main findings of the review will be made separately to the Committee at this meeting.
11. The exploration of the provision of value for money by the Council forms an element of the Executive Work Programme for 2008/09 and the Council has also appointed the Finance and Performance Management Portfolio Holder as its VFM 'Champion' for the year. It is intended that the VFM Review will be submitted to the Council's external auditors as part of the VFM self-assessment for 2007/08.
12. In considering the findings of the VFM Review, it is possible that the Committee or the Cabinet may identify specific issues that require further detailed analysis. Any such matters will be referred to the Finance and Performance Management Scrutiny Panel for investigation, as part of the Panel's work programme for 2008/09.

Value For Money Analysis

13. A central theme running through the VFM KLoEs is the importance of the Council having information on its costs, and knowing how these compare to other organisations and relate to the quality of the authority's services.
14. Whilst a range of concerns are highlighted in the VFM Review about the validity and worth of analysing costs at a detailed service level and the level of confidence that can be obtained from comparisons with other local authorities, the Use of Resources Working Party has previously formulated a VFM Analysis Tool in order to better understand the Council's unit costs for individual services and how they relate to performance and compare with other organisations, which has previously been recognised as a model of good practice by the Audit Commission. The aim of the VFM analysis is to inform further value for money analysis and discussion on an annual basis, and the tool is separated into directorates and then broken down into distinct areas of activity for which performance indicator information is available. The analysis contains three distinct groupings of data relating to each service activity, as follows:
 - clutches of performance indicators;
 - clutches of cost information; and
 - a short commentary on performance and cost.

15. The purpose of the VFM analysis is only to provide an initial indicator of the relationship between performance and costs for services, to prompt discussion, and to identify areas where further more detailed and targeted analysis may be required, which may then lead to a need for some form of corrective action or additional resource allocation. The first results of the analysis (for 2005/06) were considered by a Sub-Group of the Finance and Performance Management Scrutiny Panel, as a result of which a specific Task and Finish Panel was established to consider the provision of value for money within the Council's planning functions, and a specific report on leisure management costs was sought.
16. The VFM analysis is currently being updated to reflect the latest available cost and performance information (for 2006/07). The Cabinet has agreed that the analysis should be considered by the Finance and Performance Management Scrutiny Panel, with a view to recommendations for further action being made to the Overview and Scrutiny Committee.

Resource Implications:

Participation in the UOR process can be met from the budget and staff provision of the Performance Improvement Unit for 2008/09. The costs of undertaking the proposed VFM review can be met from salary underspends within the salary budget of the Performance Improvement Unit for 2008/09.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from the recommendations in this report. As in previous years, it has been considered important for the Council to complete the voluntary self-assessments in relation to the overall UOR process. The Council is required to participate in the annual assessment process, but could decide not to pursue further its examination of value for money issues. However, this would potentially have implications not only for the judgements made about the authority in the next assessment, but might also mean that opportunities for improvement were lost.

Safer, Cleaner and Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative, or any Crime and Disorder issues within the district.

Consultation Undertaken:

The content of the UOR and VFM self-assessments and the VFM review and analysis will be subject to consultation with the Use Of Resources Working Party, the Corporate Executive Forum and all service directors.

Background Papers:

None

Impact Assessments:

There are no equality implications arising from the recommendations in this report. In terms of risk management, a poor Use of Resources assessment score could trigger intervention or further inspection, as well as having a negative effect on the Council's reputation.

**EPHING FOREST DISTRICT COUNCIL
USE OF RESOURCES SELF-ASSESSMENT – JULY 2008**

1. FINANCIAL REPORTING - How good are the Council's financial accounting and reporting arrangements?

<p>KLoE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council's accounts are compiled in accordance with statutory and professional reporting standards; • the Council's accounts are supported by comprehensive working papers; and • the accounts and supporting working papers are prepared and approved in accordance with relevant timetables. 	<p style="text-align: center;">Evidence source</p> <p>UOR01 Report to Finance and Performance Management Cabinet Committee (28.1.08)</p> <p>UOR02 Report to Council (26.6.08)</p> <p>UOR03 Report to Audit and Governance Committee (23.6.08)</p>
<p style="text-align: center;">Commentary</p> <p>The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers. The closure of the accounts for 2006/07 was achieved on time, despite the introduction of significant changes in the requirements for the closure process. In its Use of Resources Auditor Judgements for 2006/07 (UOR01), the Audit Commission concluded the following with regard to the production of the annual accounts:</p>	<p><i>'The Council produced materially correct accounts within the statutory deadline. The accounts complied with the relevant accounting standards and were supported by comprehensive working papers. An unqualified audit opinion was issued on 20 September 2007 in advance of the statutory deadline, and the accounts were scrutinised by members prior to approval.'</i></p> <p>The Director of Finance and ICT and the Assistant Director of Finance (Accountancy) have attended CIPFA/Audit Commission sessions in relation to new requirements for the closure of the Council's accounts. A process checklist and timetable for the production of the accounts and relevant supporting papers has been developed and issued to relevant staff, and the timetable for the closure of the Council's accounts for 2007/08 has been prepared and issued to the Council's external auditors (PKF (UK Limited)). The draft accounts are considered and agreed by the full Council (UOR02) and the Audit and Governance Committee, together with a report of the Director of Finance and ICT to aid interpretation and highlight key issues.</p>

<p>The Council has considered how working papers relating to the audit of the accounts could be improved further. A 'records required' list has been received from PKF and is currently being reviewed by the Director of Finance and ICT. Arrangements have been agreed with PKF for their auditors to provide the Director of Finance and ICT with a list of outstanding requests for additional information arising from the audit of the Council's accounts during July 2008, in order to ensure that additional requests are responded to promptly in accordance with any agreed deadlines.</p> <p>The accounts to be submitted to the Council and the Audit and Governance Committee meetings are accompanied by an explanatory report prepared by the Director of Finance and ICT, providing interpretation of the accounts and highlighting key issues for the benefit of members, ensuring that the accounts are subject to robust member scrutiny prior to approval.</p> <p>The Director of Finance and ICT ensures regular liaison with Her Majesty's Revenue and Customs regarding complex tax issues in situations where advice is required, and specialist advice has been taken on a parking issue in relation to the 'Isle of Wight' case. Arrangements have been introduced to ensure that the Finance/ICT and Corporate Support Services Directorates liaise closely on the sale of assets, to ensure that legal processes and accounting treatments are in line with each other, and the recent implementation of new corporate asset register arrangements have ensured that better inter-directorate liaison is now in place.</p>	
<p>KLoE 1.2 The Council promotes external accountability</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council publishes its accounts in accordance with statutory requirements; and • the Council publishes summary accounts/annual report in a way that is accessible to the public. 	<p>Evidence Source</p> <p>UOR04 E-Annual Report 2006/07</p> <p>UOR05 Best Value Performance Plan 2008/09</p> <p>UOR06 Best Value Performance Plan (Summary Version) 2008/09</p> <p>UOR07 Report to Audit and Governance Committee (31.3.08)</p>
<p>Commentary</p> <p>The Council publishes its accounts in accordance with statutory requirements, both on its website and as an appendix to its E-Annual Report (UOR04), in PDF format in accordance with accessibility requirements. The E-Annual report is also available in hard copy format (on request) in order to increase accessibility.</p> <p>Feedback on the content and format of the E-Annual Report was previously sought in 2007 through a specific approach to the Council's statutory and voluntary partner organisations, and through a general response form included on the authority's website. Although the establishment of forums and focus groups etc to provide feedback on the E-Annual Report is considered to be resource intensive and therefore inappropriate, the Council intends to develop and publish an 'Executive Summary' to the next E-Annual Report. The availability of the E-Annual Report and Executive Summary is to be publicised</p>	

<p>through appropriate media opportunities.</p> <p>The Council's final statutory Best Value Performance Plan (BVPP) was published in June 2008 (UOR05), and for 2009/10 and future years it is intended that much of the detail previously contained within the BVPP will be transferred to the E-Annual Report.</p> <p>The Council has considered new ways to encourage feedback on the E-Annual Report, and will be consulting the Epping Forest Local Council's Liaison Committee on the format and content of the E-Annual Report as part of the 'quality councils' initiative. In addition, the Epping Forest Youth Council will be consulted on the E-Annual report as a way of gaining feedback from a traditionally 'seldom heard' group, and the views of Federation of Small Businesses and the Local Strategic Partnership will also be sought. Feedback received from these various exercises will inform the Council's future approach to the development and publication of the E-Annual Report.</p> <p>Financial information is also contained in a range of formats and publications, including the BVPP, the Summary BVPP (UOR06) (which is issued to every household with the annual Council Tax bills) and the Council's website. In addition, the development and publication of the proposed 'Executive Summary' to the E-Annual Report would also contain relevant summary financial information. These publications have a variety of audiences and levels of financial detail. Whilst committee reports often contain detailed information, this is summarised in officer/portfolio holder presentations and is available for viewing through the Council's webcast systems.</p> <p>The Council's Annual Audit and Inspection Letter (UOR07) is published on the Council's website in PDF format, and all committee reports are published on the Council's website in accordance with the statutory provisions, again in PDF format.</p>	
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2. FINANCIAL MANAGEMENT - How well does the Council plan and manage its finances?

<p>KLoE 2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council's corporate business plan (that sets out its aims and objectives) is linked to its financial planning and management; and • the Council's budgets and capital programme are based on robust medium-term financial projections and risk assessments. 	<p>Evidence source</p> <p>Commentary</p>
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The Council's external auditors have advised that the Council Plan for 2006-10 (UOR08) can be regarded as the corporate business plan for the purposes of this KLoE. The Council Plan is the authority's key strategic planning document, setting out service delivery priorities over a four year period, and its strategic themes match those set out in the Community Strategy for the district. Although the Council Plan provides the overall context for resource allocation, the Council recognises that strategic and customer led priorities may change or be enhanced during the life of the Plan. An example of this is the authority's Safer, Cleaner and Greener' initiative (UOR09), where resources have been re-prioritised and additional resources targetted towards tackling the full range of environmental 'street scene' issues in a more integrated way.

The Council Plan was subject to widespread stakeholder consultation, and amendments to the Plan were made at final draft stage to reflect external views and priorities more fully. The Council Plan was also constructed to take account of external drivers such as the Government's proposals for increasing housing provision in the East of England region, and funding variations and capital investment plans were also incorporated. Although the duration of the Council Plan is from 2006 to 2010 and it is therefore halfway through its lifecycle, a full review of the Council Plan in the short term is considered to be resource intensive, and is dependent upon the concurrent development of the Sustainable Community Strategy, Local Development Framework and Core Strategy for the Epping Forest District.

The Council's Medium-Term Financial Strategy (MTFS) (UOR10) provides the overall framework within which other plans are made. For example, the Human Resources Strategy sits within the context of the overall level of budget allocation to the human resources function and directorate level staffing resources, so that strategic actions are identified and delivered within this budgetary framework.

The key messages from the Medium-Term Financial Strategy are communicated to stakeholders and staff as appropriate. The MTFS and key financial messages are communicated to stakeholders through bodies such as the Local Strategic Partnership, the Local Council's Liaison Committee and the various local Town Centre Partnerships through the E-Annual Report. The MTFS has also been communicated to the Council's staff through the internal Team Briefing process (UOR11), and will take account of the Council's Local Area Agreement (LAA) priorities, now that Essex County Council and its statutory and voluntary partner organisations have adopted the second Essex LAA.

The Council makes use of operational activity indicators to direct the allocation of resources, particularly in areas such as planning and environmental/street scene services. The 'Safer, Cleaner, Greener' initiative will use a range of new and existing indicators to assess performance, and a specific Overview and Scrutiny Panel has been established to review the provision of value for money in terms of the additional resources previously directed to planning services.

[UOR08 Council Plan 2006-2010](#)

[UOR09 Report to Cabinet \(4.2.08\)](#)

[UOR10 Report to Finance and Performance Management Cabinet Committee \(24.9.07\)](#)

[UOR11 Team Briefing \(October 2007\)](#)

[UOR12 Report to Council \(19.2.08\)](#)

[UOR19 Report to Cabinet \(12.11.07\)](#)

[UOR25 Report to Council \(18.12.07\)](#)

	<p>The Council regularly reviews financial management arrangements to ensure that they remain 'fit for purpose', and keeps the financial services function under review to consider capacity, resource and training needs. The financial services function was reviewed as part of the corporate restructuring in 2007/08, when no changes were required other than a rationalisation of administrative support.</p> <p>Where there is no commercial risk in doing so, the Council reports on all the financial risks it is taking into account when setting its reserve strategy. The annual budget report prepared by the Director of Finance and ICT in February 2008 (UOR12) includes (Annex 10) an analysis of financial risks and the adequacy of reserves.</p> <p>The Council's business planning processes require that business planning is integrated with financial planning, and budget growth/reduction bids are required to be linked to Council Plan priorities. Business Plans are prepared for new policy and capital developments where necessary, and particularly where it is necessary to secure external funding. Resource requirements for new policy and capital developments are considered as part of the relevant reports to the Cabinet, and project appraisals have been developed for current capital schemes, examples of which include the Springfields improvement scheme at Waltham Abbey and the Loughton Broadway town centre enhancement scheme. Annual Business Plans are required to be produced for all directorates by 31 March each year, and the Audit and Governance Committee monitor performance against this requirement.</p> <p>The Capital Strategy is reviewed and updated by the Cabinet and the full Council each year (UOR19), (UOR25), and annual consideration includes a review of the key capital priorities and their priority ranking, which can change from year to year, in line with changes in the Council's priorities.</p>
<p>KLoE 2.2 The Council manages performance against budgets</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council has arrangements in place for monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior officers and members; and • the Council's financial information systems meet users' needs. 	<p>Evidence source</p> <p>UOR13 Report to Finance and Performance Management Cabinet Committee (17.3.08)</p> <p>UOR14 Report to Finance and Performance Management</p> <p>Commentary</p> <p>Quarterly financial reporting and monitoring is well established, and is undertaken by the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel. The Council does not produce accrued financial monitoring revenue and balance sheet reports during the year, as it is considered that the only meaningful balance sheet items that can be monitored mid-year are those in relation to on-going capital projects. The monitoring reports considered by the Finance and Performance Management Cabinet Committee (UOR 13) and the Finance and Performance</p>

Management Scrutiny Panel (UOR14) have been expanded to include these.

The Council consults users of its financial systems when developing systems and delivering training, and takes identified need into account in the development of training programmes. Financial training provided is subject to feedback and post course evaluation and, in light of this feedback, courses may be amended to ensure learning objectives are met. The establishment of user groups for the Essex Marketplace procurement system is to be undertaken following the recent appointment to the Procurement Officer position, and user groups for other financial systems such as AIMS are already in place as appropriate.

The Council's main efficiency targets used in setting the budget for 2008/09 related to establishment savings arising from the recent management and service restructure. This exercise aimed to re-align services to improve service delivery to customers, and achieve savings, the majority of which have been re-invested in front line priority areas such as the environment and street scene, through the Council's new 'Safer, Cleaner and Greener' initiative for 2008/09. The initial phase of the restructuring focused on the chief officer level and generated ongoing savings of £200,000 per annum. Below this level, further savings of £300,000 per annum were made.

The Council identifies, considers and acts upon key financial variances, as part of its established financial reporting and monitoring arrangements. In addition, service directors are required to report to the Corporate Executive Forum within thirty days of the month-end, in respect of significant budget variances. The Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel monitor all significant budgets on a quarterly basis, when Portfolio Holders are held to account for budgetary issues, significant under/overspends are identified and any necessary corrective actions are also monitored as part of these arrangements. Relevant non-financial and financial information, in addition to the budget, is also reported to members on a regular basis, and acted upon.

The Council monitors a range of operational activity indicators through its performance and financial monitoring arrangements, and each year adopts a number of statutory and local Performance Indicators as 'Key' performance indicators (UOR15), particularly in areas such as planning and environmental/street scene services.

The Council's financial information system (Cedar eFinancials) has flexible reporting tools to enable specialist reports to be designed, and provides for a range of specialist reports to be published by individual Spending Control Officers. Financial monitoring reports are issued to all budget holders and Spending Control Officers within ten days of the end of each month, on a profiled basis.

[Scrutiny Panel \(11.2.08\)](#)

[UOR15a Key Performance Indicators 2007/08](#)

[UOR15b Key Performance Indicators 2008/09](#)

[UOR16 Report to Corporate Executive Forum \(11.6.08\)](#)

<p>The Council provides a regular programme of training on financial issues for members and relevant non-finance staff. All officers with specific finance responsibilities have attended this financial issues training, and the session is repeated each year. Compulsory financial issues training is also provided for members of the Audit and Governance Committee, although this training is also available to other members.</p> <p>Arrangements have been established to report progress in achieving planned savings and efficiency gains to senior management. The Corporate Executive Forum receives regular monitoring information in relation to directorate level salary expenditure (UOR16), and action plans are developed to address capacity issues as required. Performance and efficiencies accrued as part of the Council's waste and leisure management arrangements are monitored by the relevant Contract Boards, and are reviewed by the Corporate Executive Forum on a quarterly basis.</p>	
<p>KLoE 2.3 The Council manages its asset base</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council has a capital strategy and fixed asset management plan; and • the Council reports to members on asset management. 	<p>Evidence source</p> <p>UOR17 Asset Management Plan 2007-2012</p> <p>UOR18 Housing Repairs and Maintenance Business Plan 2008/09</p> <p>UOR19 Report to Cabinet (12.11.07)</p>
<p>Commentary</p> <p>The Council has an up-to-date Asset Management Plan (AMP) (UOR17), adopted in 2007 and covering the period from 2007 to 2012, that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use. The AMP has recently been reviewed and the links between its key themes and those of the Council Plan have now been stated explicitly, to ensure that the AMP priorities clearly link to those strategic priorities set out in the Council Plan.</p> <p>The management of the Council's housing assets are set out in the detailed Repairs and Maintenance (RM) Business Plan (UOR18), which forms an important annex to the Housing Revenue Account (HRA) Business Plan, both of which are updated annually prior to 31 March each year. The RM Business Plan details the Council's approach to the management of housing assets in a variety of ways, and sets out overall objectives and targets through an action plan, which is monitored throughout the year, and a six month progress report is provided to members. The RM Business Plan also sets out expenditure requirements and the available funding over a five-year period, as well as indicative expenditure requirements over thirty years, and detailed progress on the reduction in the number of non-decent homes up to 2010.</p> <p>The Council's corporate property function is the responsibility of the Director of Corporate Support Services, and the Director of Housing in terms of Housing Revenue Account property. These arrangements have been strengthened in the recent management restructure. At the member level, the</p>	

corporate property function is the responsibility of the Leader of the Council and the Corporate Support Services and ICT Portfolio Holder, and the Housing Portfolio Holder (for Housing Revenue Account property matters).

The AMP contains a range of performance indicators to evaluate asset use in relation to corporate objectives. Performance against the five national indicators contained in the AMP is reported to the Finance and Performance Management Scrutiny Panel. Three Local Performance Indicators are also contained in the AMP for which performance is similarly reported on a regular basis, and regular reports in relation to the Council's land and buildings portfolio are made to the Cabinet and the relevant Portfolio Holders.

The Council is investigating options for the replacement of the current asset register with a more robust and flexible system, to ensure it meets the authority's future needs. Inter-directorate meetings have been convened to consider the possibility of amalgamating or combining the various existing asset registers currently in use across the Council, and a new asset register system has been purchased for joint implementation.

The Council's Capital Strategy is fully funded, with substantial capital reserves remaining available, and is updated annually (UOR19). The Capital Strategy prioritises objectives and identifies relevant links with the AMP.

An annual planned maintenance programme is in place. The planned maintenance of Housing Revenue Account property is based on a rolling programme of property surveys. The maintenance backlog is assessed within the planned maintenance programme for non Housing Revenue Account property, which is considered by members.

Reports and proposals in respect of investment and disposal decisions include an examination of the whole life costs of asset disposal. Examples include the investigation on two previous occasions of small-scale housing stock transfer.

Over the last year a number of key strategic aims in the AMP have been achieved. Through the annual review of the Plan further forward looking and strategic aims will be devised in line with Council Plan priorities and the Capital Strategy. The new Planned Maintenance Programme was agreed by the Cabinet on 12 November 2007, and provides for the maintenance and modernisation of property assets to ensure they are fit for purpose. The section 'Review and Challenge' in the Asset Management Plan provides for the rationalisation of property assets in accordance with corporate/strategic priorities. These priorities were reviewed and reprioritised by the Cabinet on 12 December 2007 (Minute 101).

The Council has a process of continual review of its property assets, and measures overall asset performance through a range of LPIs. This has resulted in major development land sales undertaken during the past 2 years including:

- The former Parade Ground (residential development site) at North Weald sold in May 2006 for £8,772,000;
- T11 industrial development site , Langston Road, Loughton sold in August 2007 for £6,050,000;
- Medical Centre Site, Merlin Way, North Weald - sale in progress; and
- Industrial Land at Merlin Way, North Weald - marketing produced 6 offers to purchase but Cabinet decided against proceeding with sale.

The Council has a charter with its Town and Parish Councils and Essex County Council whereby community assets (e.g. public halls) are offered to these bodies if the authority declares them surplus to requirements, and this is reciprocated by the local councils. Examples of reciprocal land and property sales include:

- Roding Youth Centre, Buckhurst Hill - October 2006, the Council declined Essex County Council's offer to purchase these surplus premises, and instead supported Buckhurst Hill Parish Council's application to purchase; and
- Buckhurst Hill Ambulance Station - February 2008, the Council declined London Ambulance Service NHS Trust's invitation to purchase as priority purchasers before it was placed on the open market for sale.

All properties in excess of £25,000 are reviewed on a rolling five-year basis. This activity is the initial stage of this project and will now be further developed. The recent restructuring of the Council's management has recognised the need for a dedicated Facilities Management Unit, which will be tasked with this project.

During 2008/09 a full review will be undertaken of the Council's depot facilities within the district, with a view to rationalising existing provision, disposing of site(s) surplus to requirements, and the re-provision of suitable depot facilities for the Waste Management and Grounds Maintenance Services.

3. FINANCIAL STANDING - How well does the Council safeguard its financial standing?

KLoE 3.1 The Council manages its spending within the available resources

Evidence that:

- **the Council is financially sound;**
- **the Council manages its levels of reserves and balances; and**
- **current spending plans match available resources.**

Commentary

The Council is financially sound. Its General Fund and HRA finances are very healthy, due to prudent financial and asset management over the years, and the financial stability of the authority is demonstrated by the actual amount of current balances now and projected at the end of 4/5 year forecasts for both the General Fund and the HRA. The Council is in a position to comfortably set targets for low Council Tax increases over the next 4/5 years, and the HRA Business Plan shows that the HRA should be in surplus for at least twenty years.

As part of the budget setting process for 2008/09 members carefully considered reserve levels. In view of the existing challenges and on-going instability in financial markets it was considered prudent to retain the existing policy. Over the medium term, reserves will reduce. Underspends during the year are generally correctly anticipated. A robust monitoring arrangement is in place, involving both the Executive and Scrutiny functions. The Council's policy for reserves and balances is addressed through member consideration of reports in relation to the budget and the Medium-Term Financial Strategy.

The Council sets stretching targets for income collection and recovery of arrears, and performance against these is monitored and appropriate corrective action is taken where necessary. Targets are in place for Council Tax, National Non-Domestic Rates, Rent Arrears and Sundry Debts, all of which are stretching. Performance against a number of key targets is monitored by the Finance and Performance Management Scrutiny Panel.

The Finance and Performance Management Cabinet Committee has agreed an appropriate Debt Recovery Policy (UOR20), and has considered debt recovery cost monitoring information.

Evidence source

[UOR20 Report to Finance and Performance Management Cabinet Committee \(17.3.08\)](#)

4. INTERNAL CONTROL - How well does the Council's internal control environment enable it to manage its significant business risks?

<p>KLoE 4.1 The Council manages its significant business risks</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council has a risk management process in place; and • the risk management system covers partnership working. 	<p style="text-align: right;">Evidence source</p> <p>UOR21 Business Planning Guidance 2008/09</p> <p>UOR22 Report to Finance and Performance Management Cabinet Committee (19.11.07)</p> <p>UOR23 Report to Audit and Governance Committee (30.1.08)</p>
<p>Commentary</p>	<p>Risk management is thoroughly embedded throughout the authority. The Council's corporate Business Planning Guidance (UOR21) is reviewed annually and requires the demonstration of appropriate risk management arrangements. The Corporate Executive Forum requires each directorate to have a standing item on Risk Management on agenda for directorate management team meetings.</p> <p>The Finance and Performance Management Portfolio Holder is the member champion for risk management. Opportunities for risk management training are made available for relevant managers as part of the Corporate Training Programme, where a need is identified through the staff Performance and Development Review appraisal process. All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment, although the officer level Risk Management Group is to consider whether risk management training should be made available to managers without defined risk management responsibilities, and included within the Corporate Training Programme in future years. As part of this process, risk management arrangements will be communicated to all other staff through the Team Briefing process.</p> <p>All members receive risk management awareness training appropriate to their needs and responsibilities. Risk management awareness training has been provided for all members of the Audit and Governance Committee, and is available for all other members.</p> <p>Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are identified and effectively managed. The Finance and Performance Management Cabinet Committee receives updates on the Corporate Risk Register on a quarterly basis.</p> <p>The Risk Management Policy is updated annually by the Finance and Performance Management Cabinet Committee (UOR22), and the effectiveness of the Council's current arrangements for risk management are assessed by the Audit and Governance Committee on an annual basis (UOR23). The Council's risk management process does not specifically consider risks in relation to significant (as previously defined by the Audit Commission) partnerships, as the authority has no significant partnership arrangements in place.</p>

<p>KLoE 4.2 The Council has arrangements in place to maintain a sound system of internal control</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council reviews and reports on its system of internal control; and • the Council has an audit committee or equivalent and an internal audit function. 	<p style="text-align: right;">Evidence source</p> <p>UOR03 Report to Audit and Governance Committee (23.6.08)</p> <p>UOR24 Emergency Response Plan</p> <p>Commentary</p> <p>The core functions of an audit committee, as identified by CIPFA, are being undertaken by the Audit and Governance Committee, and the Council continues to support the Committee to ensure that it is an effective element of its control arrangements. The Committee has established its role and provides independent assurance of the adequacy of the Council's risk management and internal control arrangements.</p> <p>The Audit and Governance Committee has responsibility for the review and approval of the annual Governance Statement (UOR03) (formerly the Statement on Internal Control), including the review of sources of assurance, and considers this separately from the accounts. Monitoring reports in respect of weaknesses identified in the Governance Statement, are made to the Committee and appropriate action plans have been developed for 2008/09 onwards.</p> <p>Relevant procedures are in place for all of the Council's key financial systems, and are reviewed and updated as appropriate. The Council has arrangements in place to ensure that it has sound systems of internal financial control, including the carrying out of regular bank reconciliations and reconciliations of major feeder systems.</p> <p>The Council has an internal audit function that operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government, and the effectiveness of the internal audit function is regularly reviewed by the officer level Corporate Governance Group and the Audit and Governance Committee, and monitored through specific internal audit related LPis.</p> <p>The Council has a Business Continuity Plan (UOR24) in place which is tested on a periodic basis, and which has recently been reviewed, following testing in relation to a simulated flu pandemic. Adjustments to the Business Continuity Plan are to be made in light of a major power failure that affected the Civic Offices complex during March 2008.</p> <p>The Council's Standing Orders, Financial Regulations and scheme of delegation are fully reviewed on an annual basis, and compliance is monitored through systems audits and relevant internal assurance standards. The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. The Council has no 'significant' partnerships, but an audit of partnership arrangements is to be undertaken during 2008 and</p>
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	<p>the authority's partnership policy is to be reviewed.</p> <p>The Council has introduced a business assurance framework that maps its strategic objectives to risks, controls and assurances, and provides members with information to support the governance statement. An annual review of the effectiveness of the framework, including the system of internal control, is to be undertaken by the Audit and Governance Committee in November 2008.</p> <p>The Corporate Governance Group and the Audit and Governance Committee received a number of reports during 2007/08 on the new Governance Framework for Local Authorities, which culminated in the adoption of a revised Code of Governance for the Council in February 2008. The Corporate Executive Forum and the Management Board have also been briefed on the new governance framework, and all service directors have produced assurance statements for 2007/08 covering the requirements of the local code.</p> <p>The Council's overview and scrutiny function was fully reviewed during 2007 to ensure that it remains effective, encourages constructive challenge and enhances performance.</p>
<p>KL0E 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business</p> <p>Evidence that:</p> <ul style="list-style-type: none"> • the Council has adopted codes of conduct and monitors compliance; and • the Council's arrangements to prevent and detect fraud and corruption are effective. 	<p>Commentary</p> <p>The Council seeks to ensure a high level of probity and propriety and to demonstrate that this has been achieved with all members and staff. Training in relation to anti-fraud policies and practices forms part of the authority's corporate staff induction programme. Cases of proven fraud are publicised internally and externally. The Council's policy on the receipt of gifts and hospitality has been reviewed during 2007/08, and a follow-up audit is to be undertaken during 2008/09. Cases of proven misconduct are reported to the Cabinet on an annual basis (UOR26), and the minutes of meetings of the Standards Committee are published on the Council's website, together with an annual report of the Standards Committee (as part of the E-Annual Report) .</p> <p>The Council undertook an assessment of its anti-fraud and corruption arrangements against CIPFA guidance during 2007/08. The results of this review were considered by the Audit and Governance Committee, and indicated that suitable arrangements were in place and monitored appropriately.</p>
	<p>Evidence source</p> <p>UOR26 Report to Cabinet (11.6.07)</p> <p>UOR27 Anti-Fraud and Corruption Policy (Summary)</p>

The Council has a strong counter fraud culture across all directorates. The authority's Anti-Fraud and Corruption Policy (UOR27) is regularly provided to all staff to remind them of their responsibilities, and are brought to the attention of new staff as part of the staff induction programme. The policy was reviewed and submitted to all staff as part of a formal process in early 2008/09, and is published on the intranet.

A summary of the Council's internal whistleblowing arrangements have been issued to appropriate organisations with which the Council holds contracts, seeking confirmation that staff are aware of their responsibilities in regard to the prevention and detection of fraud when working for the Council. The Director of Corporate Support Services is to consider whether a standard contract clause should be adopted to meet the requirements of this KLoE in future. There is a specific reference within the Anti-Fraud and Corruption Policy to support provided to staff who make referrals.

The Council undertakes proactive counter fraud and corruption work. Counter fraud and corruption work in relation to Housing Benefit is assessed and prioritised according to greatest need, and performance is measured by an LPI. Identity checks are carried out for relevant purposes across various directorates. Benchmarking analysis has indicated that the Council's resources for counter fraud and corruption work are set at an appropriate level. The Internal Audit business plan is flexible in relation to fraud and corruption, and includes an appropriate contingency for dealing with issues of non-Housing Benefit related fraud. Investigations into allegations of fraud and corruption are conducted in accordance with statutory requirements, and all of the Council's officers that have responsibility for investigating allegations of fraud and corruption are appropriately trained and possess the relevant qualifications.

The Council considers fraud as part of its risk management processes on an ongoing basis, and participates as fully as legally possible in the National Fraud Initiative (NFI).

The Council makes full and effective use of the NFI application functionality to identify data matches for review wherever required, and works with other bodies such as the Department for Work and Pensions (DWP) when following-up data matches from NFI. The Council will always work proactively with other bodies such as DWP when following-up data matches from NFI. Immediate action has been taken to strengthen internal control arrangements where weaknesses have been revealed by instances of proven fraud and corruption.

EPPING FOREST DISTRICT COUNCIL

VALUE FOR MONEY SELF-ASSESSMENT – JULY 2008

1. WHAT HAS BEEN ACHIEVED TO DATE?

<p>KLoE 5.1 How well does the Council currently achieve good value for money</p> <p>Please provide brief details and evidence to support your assessment with focus on the relationship between local taxation, overall expenditure and costs; and the level and performance of services provided, taking account of local priorities.</p>	<table border="1"> <thead> <tr> <th data-bbox="630 672 662 2063">Commentary</th> <th data-bbox="630 203 662 672">Evidence source</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 672 1455 2063"> <p>The Council continues to operate a sound, well-established approach to the achievement of Value For Money (VFM). In order to ensure VFM and to focus resources on its main priorities, the Council's Vision and Medium-Term Priorities are set out within the Council Plan for 2006 to 2010 (VFM01), which was adopted in July 2006. The priorities detailed in the Council Plan were subject to extensive consultation with local residents, partner organisations and other stakeholders during 2006.</p> <p>VFM is an element of the authority's business planning processes (VFM02), and all directorates produce their own annual business plan prior to 1 April each year, setting out the key priorities and action plans for the year ahead. Corporately, attention and resources are focused on priority issues and proposed initiatives within the annual Best Value Performance Plan (BVPP) (VFM03), and VFM is required to be addressed as a standing item in all annual Business Plans, and the agenda of meetings of individual service management teams.</p> <p>The Council's Value For Money Strategy (VFM04) was adopted in September 2006, and sets out the way that the authority seeks to achieve VFM by ensuring that:</p> <ul style="list-style-type: none"> • costs compare well with others, allowing for external factors; • costs are commensurate with service delivery, performance and outcomes achieved; and • costs reflect policy decisions. <p>The VFM Strategy also sets out how the Council manages and improves VFM by ensuring that it:</p> <ul style="list-style-type: none"> • monitors and reviews performance in relation to VFM; </td> <td data-bbox="662 203 1455 672"> <p>VFM01 Council Plan 2006-2010</p> <p>VFM02 Business Planning Guidance 2008/09</p> <p>VFM03 Best Value Performance Plan 2008/09</p> <p>VFM04 Value For Money Strategy</p> <p>VFM05 Data Quality Strategy</p> <p>VFM06 Report to Finance and Performance Management Cabinet Committee (24.9.07)</p> <p>VFM07 Value For Money Analysis Tool 2006/07</p> <p>VFM08 Corporate VFM Review (July 2008)</p> <p>VFM09a Key Performance</p> </td> </tr> </tbody> </table>	Commentary	Evidence source	<p>The Council continues to operate a sound, well-established approach to the achievement of Value For Money (VFM). In order to ensure VFM and to focus resources on its main priorities, the Council's Vision and Medium-Term Priorities are set out within the Council Plan for 2006 to 2010 (VFM01), which was adopted in July 2006. The priorities detailed in the Council Plan were subject to extensive consultation with local residents, partner organisations and other stakeholders during 2006.</p> <p>VFM is an element of the authority's business planning processes (VFM02), and all directorates produce their own annual business plan prior to 1 April each year, setting out the key priorities and action plans for the year ahead. Corporately, attention and resources are focused on priority issues and proposed initiatives within the annual Best Value Performance Plan (BVPP) (VFM03), and VFM is required to be addressed as a standing item in all annual Business Plans, and the agenda of meetings of individual service management teams.</p> <p>The Council's Value For Money Strategy (VFM04) was adopted in September 2006, and sets out the way that the authority seeks to achieve VFM by ensuring that:</p> <ul style="list-style-type: none"> • costs compare well with others, allowing for external factors; • costs are commensurate with service delivery, performance and outcomes achieved; and • costs reflect policy decisions. <p>The VFM Strategy also sets out how the Council manages and improves VFM by ensuring that it:</p> <ul style="list-style-type: none"> • monitors and reviews performance in relation to VFM; 	<p>VFM01 Council Plan 2006-2010</p> <p>VFM02 Business Planning Guidance 2008/09</p> <p>VFM03 Best Value Performance Plan 2008/09</p> <p>VFM04 Value For Money Strategy</p> <p>VFM05 Data Quality Strategy</p> <p>VFM06 Report to Finance and Performance Management Cabinet Committee (24.9.07)</p> <p>VFM07 Value For Money Analysis Tool 2006/07</p> <p>VFM08 Corporate VFM Review (July 2008)</p> <p>VFM09a Key Performance</p>
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- improves VFM and achieves efficiency gains; and
- takes account of full long term costs in making procurement and other spending decisions.

The VFM Strategy sets out the Council's approach to achieving these aims, including the specific responsibilities of members and officers at various levels across the authority for the delivery of VFM. The Council has also adopted a Data Quality Strategy (VFM05) that, amongst other objectives, ensures that performance data is correct and robust.

Budget-making processes continue to commence early in the financial year, when members consider a financial issues report of the Director of Finance and ICT that covers all of the current financial issues and key objectives that the Council wishes/needs to meet during the next year, and leads to the development of a Medium-Term Financial Strategy (MTFS) (VFM06), which provides options for different financial scenarios and Council Tax levels, and includes a four-year financial forecast. The agreed outcomes from this exercise are then used as the basis for the formulation of the budget over the coming months. This process identifies at an early stage any growth and savings proposals against policy objectives and community aspirations, in the light of the likely financial resources available.

As part of its prudent approach to financial management, the Council has adopted a corporate level approach of separating ongoing annual General Fund expenditure (the Continuing Services Budget (CSB)) from expenditure arising on one-off projects over the one to three year period (the District Development Fund (DDF)). Unlike many other councils, due to careful financial management, the Council has historically been able to allocate significant resources to the DDF, above and beyond the resources required to fund ongoing services, to fund one-off projects to enhance service delivery. The DDF is able to restrict and expand on an annual basis dependent on funding availability. Any growth in the CSB or new DDF projects is subject to a VFM evaluation process. Firstly, the Cabinet assesses the business case, the overall Growth List is then examined and prioritised through the overview and scrutiny process and finally agreed by the Cabinet, by reference to the available resources, as part of the budget. These arrangements have continued to operate successfully over the last twelve months.

The concept and introduction of the DDF separate from the CSB is a good example of how the Council has utilised surpluses to fund one-off projects in a set number of years, rather than introducing new ongoing services, or increasing the cost of existing services that cannot be funded in the longer term. The Council's effective approach to financial management has been recognised by the Audit Commission on a number of occasions through the Annual Audit Letter.

Following its initial Use Of Resources (UOR) assessment in 2005, the Council identified UOR, including VFM, as a key priority and established a high-level corporate officer Use Of Resources Working Party to progress the authority's approach to its overall use of resources, and to ensure VFM in the services that

it provides. The Working Party specifically addresses VFM issues, through the development of a Value For Money Analysis Tool (VFM07). The Council recognises that it is important that it has a good understanding of the inter-relationship between its performance and costs, and that the authority uses this information to make sound strategic and policy decisions. The VFM Analysis therefore seeks to compare the Council's performance in the main service areas using the former Best Value Performance Indicators (BVPIs) and relevant Local Performance Indicators (LPIs), with unit costs and relevant benchmark information wherever possible, in order to develop proposals for action to improve VFM.

The purpose of the VFM Analysis Tool is to provide an indicator of the relationship between performance and costs for services, to prompt discussion, and to identify areas where further more detailed and targeted analysis may be required, which may then lead to a need for some form of corrective action or additional resource allocation. The first results of the analysis (for 2005/06) were considered by a Sub-Group of the Finance and Performance Management Scrutiny Panel, as a result of which a specific Task and Finish Panel was established to consider the provision of value for money within the Council's planning functions, and a specific report on leisure management costs was sought. The annual review of the VFM Analysis is an annual process, and the tool has recently been updated to reflect the latest available information. The Finance and Performance Management Scrutiny Panel have recently considered the VFM Analysis Tool, with a view to recommendations for further action being made to the Overview and Scrutiny Committee. The VFM Analysis Tool is used as part of the Council's annual service planning processes in order to reduce costs.

A detailed corporate 'VFM Review' (VFM08) has recently been undertaken in order to explore the facts that underlie the Audit Commission's views on the provision of value for money by the Council, through an analysis of information available from a variety of sources (including cost and performance data published by the Audit Commission), and consideration of the validity of the data used by the Commission, in order to reach an overall conclusion on the Council's provision of value for money. The purpose of the VFM Review has been to:

- Examine and comment on the Council's costs, as stated in the Audit Commission's VFM Profile Tool, and how they compare with other local authorities in comparator groups;
- Examine and comment on the Council's performance in respect of the performance data within the VFM Profile Tool;
- Reach conclusions on the Commission's VFM assessment of the Council;
- Consider the nature and limitations of the comparative data, particularly issues that could significantly affect the data and the Council's ranking;
- Assess the authority's Council Tax levels; consider how they compare with other councils; and consider the VFM provided by the Council from the 'citizen perspective'; and
- Consider the most cost effective future strategy to continuously improve value for money in terms

of reduced costs, higher performance, or both.

To support and provide focus on its priorities, the Council annually adopts a range of 'Key' national and local performance indicators as Key Performance Indicators (KPIs) (VFM09), covering issues crucial to the authority's core business and its corporate priorities. Annual improvement plans are produced for each of the KPIs, with the aim of focusing improvement on these areas and moving performance into the top quartile of comparable district local authorities, whilst also reflecting year on year changes. These improvement plans also contain details of service costs wherever possible, and feed into the annual development of the Council's VFM Analysis Tool. As part of this process, arrangements for the monitoring of the authority's performance has also been rationalised to provide focus on the KPIs, progress against the majority of which are reported to the Finance and Performance Management Scrutiny Panel and the relevant Portfolio Holder at the conclusion of each quarter. Performance reports benchmark current performance with that of the top performing quartile of district and borough authorities, and all English local authorities, wherever possible. The year-end position with regard to the KPIs for 2007/08, was as follows:

- 23 (53.5%) achieved the performance target for 2007/08;
- 6 (13.9%) did not achieve the performance target for 2007/08, although outturn performance was within 5% of the target for the year; and
- 23 (53.5%) improved in performance compared with 2006/07, or maintained the level of performance achieved for 2006/07.

The Council's Capital Strategy is fully funded and prioritises objectives. Some aspects of whole-life costing are addressed for capital projects such as housing stock transfer. Quarterly monitoring reports on Capital Projects are made to both the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel, including both financial monitoring and scheme progress. In order to improve its project management arrangements, a project management masterclass has been held for all relevant staff.

The Council set the second lowest 'Band D' Council Tax level in Essex for 2008/09, despite retaining its housing stock, and is likely to have the lowest tax level in 2009/10. This means that the Council is able to deliver the full range of statutory services, and a wide range of discretionary functions within a very low precept. Indeed, some other Essex authorities have set Council Tax levels at approximately £100.00 pa higher than the Council for the current financial year. If this level of Council Tax were charged in the Epping Forest District it would raise approximately an additional £5.4m to spend on services. However, this level of expenditure is not deemed necessary to deliver the services required by the community. The corporate VFM Review illustrates the authority's Council Tax levels and percentage increases over the last four years, compared with all other Essex districts, showing that over this period of time the Council

	<p>has consistently set low increases.</p> <p>In setting the second lowest Council Tax level in Essex for 2008/09, the Council has considered that its costs are generally commensurate with the range, level and quality of services provided. Overheads are compared through appropriate benchmarking processes, and competitive tendering for services (leisure management, waste management etc) ensures appropriate costs.</p> <p>The Council has been debt free since 31 March 2003. Since that time £42m of capital receipts have arisen through effective asset management, including the identification and disposal of surplus and underperforming assets, which attract investment income that has enabled to the Council Tax to be kept low, as well enabling the Council to invest in better service provision. Although other authority's have achieved debt free status by the sale of their housing stock, the Council still retains its stock (in accordance with tenants wishes), which means that, unlike these other councils, it has not had to rely on this source of capital receipt to achieve debt free status, or to receive significant investment income. In addition, the Council has also been able to retain other significant assets that either perform well now, or have good potential, including North Weald Airfield.</p> <p>The Council has achieved improvements in VFM, particularly in priority areas. For example, improvements in relation to former BVPI 12 (sickness absence) have resulted from a re-prioritisation of resources from recruitment and retention to managing absence, which has had a significant positive impact on the levels of absence across the Council. Other VFM improvements include the areas of leisure management, waste management and planning services.</p>
<p>KLoE 5.1.1 How well do the Council's overall and service costs compare with others, allowing for external factors?</p> <p>Please provide brief details and evidence to support your assessment – Key areas of focus:</p> <ul style="list-style-type: none"> • current level of overall costs (including unit and transaction) costs for key services; • planned spending in relation to others; • level of overheads and how they are accounted for; • external local contextual factors that influence costs (such as deprivation, geography, demography); and • demand and supply levels. 	<p>Evidence Source</p> <p>VFM08 Corporate VFM Review (July 2008)</p>
	<p>Commentary</p> <p>It is generally accepted that, being located on the borders of London, the Epping Forest District is a relatively 'high cost' area, which affects the cost of the Council's services.</p>

Although comparative information indicates that the Council has an average population density compared to similar authorities, this masks the reality. The south east of the district has a concentration of population in suburban areas with significant out-commuting. The remainder of the district has concentrations of population in market towns, but also has a very dispersed rural population, making the delivery of services more difficult and expensive (e.g. higher travelling costs and costs associated with providing dispersed services). Due to the geography of the district, the Council operates 16 separate operational premises, including area-based housing offices, cash offices and information offices, as well as a number of depots in different locations. Clearly, the cost of providing many operational premises is higher than if all services could be provided from a small number of premises, which is possible in smaller districts, especially those based around one central town or conurbation.

Although the Government recognises through the Revenue Support Grant (RSG) funding mechanism that the Council operates in a high cost area, this grant does not reduce the authority's costs. Although RSG increases the Council's income, in order to meet the higher costs, this is not recognised or reflected in the cost data published by the Audit Commission, which only relates to costs, and not income. Of the sixteen authorities in the nearest neighbour comparator group, only two receive more grant per head of population, and the government therefore clearly recognises the higher cost of providing services in the Epping Forest District. Furthermore, of the sixteen authorities in the nearest neighbour group, seven receive less assistance via the Area Cost Adjustment than the Council and therefore have lower costs.

The corporate VFM Review (VFM08) has identified a number of external factors that detrimentally affect its costs, which do not apply to all other local authority's in the Audit Commission's comparator groups. In particular, as the whole of the Epping Forest District is parished, the respective parish precepts are included within the net cost of General Fund services. Clearly, an authority that has no parishes, or less parishes than the Council, will have less costs, since parish costs include the costs of democracy in each parish/town council and the additional services that are provided at this third tier. Moreover, the overall cost of services provided by a multitude of parish/town councils (e.g. grounds maintenance) would be far higher than if the Council provided them all. An analysis of the effect of parish precepts on the council's costs has established that:

- 2 of the authority's in the 'Nearest Neighbour' group do not have any parishes; and
- The Council has the 4th highest parish precept per head of population in the 'Nearest Neighbour' group.

It is accepted that those councils that are un-parished, or only partly parished, would have to incur the costs of providing some services normally provided by parish/town councils, but, if the Council's total cost for all General Fund services were to be excluded the parish precepts, overall costs would be reduced by £22.68 per head of population.

[VFM10 Internal Audit Plan 2008-09 \(Extract\)](#)

[VFM11 Report to Planning Services Scrutiny Panel \(15.7.08\)](#)

[VFM02 Business Planning Guidance 2008/09](#)

[VFM04 Value For Money Strategy](#)

VFM, including benchmarking, is a key element of the authority's annual business planning process (VFM02). The Council is a member of several benchmarking clubs, including clubs for human resources, the direct service organisations and environmental health related functions, and also subscribes to the 'Housemark' benchmarking club for the eastern region, which compares costs, resources and performance across a range of housing management functions. Overview and scrutiny reviews examine and challenge services and costs, and include comparisons with other local authorities. The district and borough council's across Essex have established a performance management network through which performance can be compared and benchmarking undertaken on specific issues.

As part of the development of the Council's VFM Strategy (VFM04), the Director of Finance and ICT has produced guidance relating to the allocation of overheads within individual service based budgets and, in accordance with its normal practice, the Council has continued to allocate overheads as fully as possible within budgets.

The Council has also participated in the CIPFA Internal Audit Benchmarking Club for a number of years, providing data on the Council's internal audit arrangements for comparison with all district councils. The benchmarking analysis for 2007/08 was reported to the Audit and Governance in September 2007, and the results indicated that the performance of the Internal Audit Unit had remained around the average score for the majority of the key indicators covered by the survey, and was a reasonable representation of the Unit's performance. There had been no significant variations in performance in comparison to previous years, however there was still scope for improvement that would be reflected in the Internal Audit Business Plan for 2008-09.

The annual Internal Audit Plan (VFM10) ensures that a variety of VFM related issues are addressed, and in 2007/08, these included the use of external consultants and agency staff, and corporate procurement. All studies undertaken by Internal Audit incorporate a VFM element where appropriate, and relevant issues are brought to the attention of the relevant Service Director(s) at the end of each audit, and to the attention of the Corporate Executive Forum as part of the audit and governance monitoring process. The Audit and Governance Committee receives a quarterly monitoring report from the Chief Internal Auditor that highlights relevant governance, internal control and VFM issues.

Areas of higher spending are in line with the Council's priorities and investment results in improved services. The recent senior management restructure has ensured that areas of higher spending are in line with stated priorities. Additional resources have been directed towards services such as waste management and planning, which have resulted in improved levels of customer satisfaction, recycling and palling application turnaround times. A similar process for the redirection of resources to a range of

'street scene' services is currently underway. Budget monitoring is undertaken by all Spending Control Officers on a quarterly basis. Quarterly budget monitoring is also undertaken by the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel, when relevant actions to improve performance and VFM are also considered.

The Council's waste management costs have increased significantly over the last eighteen months due to a number of factors, including:

- the previous waste management contract with South Herts Waste Management going into administration;
- the costs associated with procuring an interim waste management provider on a short term basis; and
- the costs of a full European Union procurement process for a long-term service provider.

Total costs for environmental services have also been affected by the effect of waste management cost increases. However, the Council's performance on recycling has continued to improve despite these difficulties.

The Council provides sports facilities in an intensive way, given the geography and demography of the district. Notwithstanding this, the Council has carried out market testing which led to the externalisation of the leisure management service and additional investment by the contractor. This has had a positive impact on Council Tax levels, and a continuing review of the service is proposed by plans for re-provision at Waltham Abbey Swimming Pool in order to increase the scope of the facilities available and to achieve efficiency savings.

A number of human resource factors increase the Council's costs. Staff are eligible to receive 'Inner Fringe Allowance' due to the Council's proximity to London, which adds an additional 4% to the payroll (approximately £800,000 pa), and therefore directly increases the cost of delivering services, given the fact that most local government services are people-intensive. On this point, it is interesting to note that Inner Fringe Allowance does not apply in many of the authorities with which the Council's costs are compared by the Audit Commission, which enables them to reduce their staffing costs, irrespective of staffing numbers or normal salary levels.

Nationally, it has been agreed that the salaries for all posts within a local authority should be job evaluated to ensure that employees undertaking equivalent jobs receive the same salary. This is a huge exercise, which inevitably results in increased staffing costs, due to the need to provide appropriate pay protection to employees whose salary is decreased. The Council concluded its arrangements for a 'Single Status' workforce in July 2003, and this increased the payroll by approximately £250,000 per

annum, which is reflected in the authority's costs. However, many councils have still not yet completed this exercise, and their staff costs have not yet increased, although their costs will in the future reflect this fact.

The cost of delivering the Council's planning services is increased by the rural and suburban nature of the district, and the need for enforcement action to be taken in order to protect the Metropolitan Green Belt, as well as the special character of the area, including its historical architecture and trees. There is also a large gypsy and traveller population, which often has its own unique needs and demands, the achievement of which are often resource intensive.

A useful indicator of the VFM obtained from a local authority's housing service as landlord at the macro level, is the cost of Supervision and Management (General) per property. For 2006/07, the Council's cost in this respect was £480 per property, which, according to CIPFA, was the lowest in Essex (which averaged £760 per property - almost 60% higher than the Council's). The national average for non-metropolitan authorities was £610 per property (almost 30% higher than the Council's). Although VFM cannot be assessed by reference to rent levels for the Council's housing stock (because they are set by reference to a Government formula linked to property prices), local authorities do have some control over their approach to annual rent increases. According to CIPFA, the Council had the lowest average rent increase in Essex in 2006/07. This was £2.06 per week, the average being £2.63, with the highest at £3.05. Furthermore, despite being in a high cost area, the Council's rent increase was also well below the non-Metropolitan Council average of £2.52 per week, and the all-England average of £3.92 per week. Therefore, it would appear that the Council provides good VFM for its landlord services through the Housing Revenue Account.

The Council challenges the provision of VFM through its revised approach to service reviews. This has undergone significant change through the development of 'Standing' and 'Task and Finish Panels' as part of the overview and scrutiny process, which are tasked with reviewing current approaches to a range of services and issues, and include consideration of VFM issues. Recent examples of this process include a panel established to review the level of VFM provided through the Council's planning functions (VFM11).

<p>KLoE 5.1.2 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?</p> <p>Please provide brief details and evidence to support your assessment in relation to the key areas of focus – refer to the VFM Profile tool for evidence:</p> <ul style="list-style-type: none"> • quality and standards achieved, including targeted investment to improve poorer services and quality of life; • well managed capital programme; • results of service inspections; and • range of discretionary services provided. 	<p style="text-align: center;">Commentary</p> <p>The geographical area of the Epping Forest District is large, covering urban and rural areas of 131 square miles, and including twelve towns and larger villages ranging in population size from 2,000 to 30,000, totalling 120,000 people. Journey times between towns/villages and the council's offices detrimentally affect the unit costs of services.</p> <p>It is accepted that there are some inequalities in the way in which services are delivered to the whole community as a result of local factors, and that the rural nature of much of the district has led to some services being available at a reduced level in these areas. This issue is reflected in the VFM Strategy (VFM04) and the Council Plan for 2006 to 2010 (VFM01). The Council has recognised that it needs to do more in this area and the VFM Strategy sets out the authority's commitment to engage external expertise to help it develop an appropriate approach to ensuring equality in service provision across the whole of the district. Proximity to London also has an effect on performance, due to recruitment and retention difficulties. The Council has implemented a Recruitment and Retention Strategy, a key plank of which is the use of trainee positions, but it is recognised that this cannot full resolve current staffing difficulties.</p> <p>The Council is reviewing its Social Inclusion Strategy and is working with the Epping Forest Local Strategic Partnership through the Local Area Agreement process to address equality issues. A full review of the authority's Race Equality Scheme has taken place, together with work on the Gender Equality and Disability Equality Schemes and the Corporate Equality Action Plan. A policy for monitoring service outcomes against gender, ethnicity disability and age criteria has also been adopted.</p> <p>The Council collects information on the needs of and the impact of its decisions on different community groups, and actively seeks to improve access to services, outcomes and VFM. The Council has pursued several opportunities for collecting information on the needs of and the impact of its decisions on different community groups, including disability monitoring, the Multi-Faith Forum, the Rural Tenants Forum and the new Youth Council for the district. External data from the Office of National Statistics has also been used in the review of the Race Equality Scheme and, as part of this review, a comprehensive equality-</p>
	<p style="text-align: center;">Evidence source</p> <p>VFM04 Value For Money Strategy</p> <p>VFM01 Council Plan 2006-2010</p> <p>VFM12 Report to Finance and Performance Management Scrutiny Panel (27.3.08)</p> <p>VFM13 Asset Management Plan 2007-2012</p>

<p>monitoring audit was carried out and the outcomes were reported to the Finance and Performance Management Scrutiny Panel in March 2008 (VFM12).</p> <p>The Council has been proactive in agreeing differential investment to improve equity of access and service. Examples of this approach include housing benefit visiting officers, disabled adaptations, companion bus passes, assisted waste collections, Countrycare access groups, Careline, and the grant aid scheme.</p> <p>The Council has a well-managed Capital Programme linked to priorities and supporting service improvements, which is reviewed on an annual basis. The adoption of a corporate approach to project management, and the regular reporting of details and costs of relevant schemes to the Corporate Executive Forum, is currently being investigated. The Springfields housing improvement scheme at Waltham Abbey is currently running below the agreed budget.</p> <p>The Council's Asset Management Plan for the period from 2007 to 2012 (VFM12) highlights the importance of effective management of the Council's land and property assets to ensure maximum benefit and minimum risk. As an important element of the corporate asset policy, the Council seeks to maximise the performance of investment properties, that currently produce an income of some £3.95 million per annum, through full implementation of rent reviews, lease renewals, re-letting of vacant properties as they arise and pursuing opportunities to improve asset values. In addition, the Council maintains a continuous property review programme to identify surplus or underused land and property assets to raise capital receipt income for the achievement of the Capital Strategy and the Capital Programme. Major land sales including the Lorry Park and T11 sites at Langston Road, Loughton, the former Lambs' Garage site in High Road, Loughton; and the former Parade Ground site at North Weald Airfield, have been completed within the past four years producing capital receipts of £20.5 million.</p>	
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<p>KLoE 5.1.3 To what extent do costs reflect the Council's priorities?</p> <p>Please provide brief details and evidence to support your assessment in relation to the key areas of focus:</p> <ul style="list-style-type: none"> • how costs are assessed when decisions are made; • the extent to which spending, including the capital programme, is in line with stated priorities; and • the extent of long term cost considerations with major investments or partnerships 	<p>Evidence source</p> <p>VFM14 Report to Cabinet (12.11.07)</p>
<p>Commentary</p> <p>The Council has considered the best delivery models to achieve improvement in a number of key areas whilst also securing VFM, and has targeted investment appropriate to the nature of the particular service and the authority's overall priorities. Significant examples of this investment to improve services and</p>	

quality of life include the development control and leisure management functions.

Members have recognised that the Council needs to improve its performance in meeting national targets for the determination of planning applications, and the authority has committed considerable additional human and financial resources to the implementation of an integrated information and communications technology (ICT) system to improve planning performance. The Council provides a range of discretionary services that are reviewed from time to time. As a result of the recommendations of a Leisure Management Best Value Service Review and the Council's desire to achieve VFM, an external partner was appointed to manage and develop the authority's major leisure facilities with effect from January 2006. By the transfer of risk, lower annual revenue costs and the securing of an £1.5m of additional capital investment, the Council has secured its key objectives in this area.

In response to customer concern at service levels, the Council has directed significant additional resources to its waste management service. Additionally, the Council recognised concerns regarding street cleansing standards in some areas of the district and invested additional resources for the provision of 'local teams' that have led to improvements in standards.

The Council requires that all reports considered by the Cabinet and Portfolio Holders identify the financial (and other) implications and the existing/required budget provision, of decisions and proposed courses of action. Reports may only be referred to the Cabinet that have first been considered by the Agenda Planning Group chaired by the Chief Executive, and this arrangement ensures that proposals originating from both service-providing departments and support service departments are considered in detail by all interested services, and enables both the beneficial and detrimental effects on service delivery of all proposals to be balanced with resource implications. This also ensures that members consider balanced and comprehensive reports, with the most important points being brought to their attention.

The Department of Communities and Local Government requires local authorities to collect and monitor a large number of performance indicators. The Cabinet set an increased target for at least 75% of its KPIs for 2007/08 to be within top quartile (district council) performance at year-end. Improvement plans have been formulated for each KPI, setting out how top quartile performance can be achieved and maintained and identifying the required resources. Through this process, the Council targets increased and reprioritised resources to improve/maintain performance in the areas that it considers most important.

The Council's Capital Strategy is reviewed and updated by the Cabinet and the full Council each year (VFM14), (VFM15), and annual consideration includes a review of the key capital priorities and their priority ranking, which can change from year to year, in line with changes in the Council's priorities. The Capital Strategy ensures that a strategic approach is taken to projects and that capital projects are

properly planned, managed and reviewed to ensure that VFM is achieved. Once capital projects have commenced, progress against key milestones, and actual expenditure compared to budget, are monitored on a regular basis. Project teams plan, manage and review projects and monitor expenditure, estimated out-turn, variances to budget and potential claims. On completion of schemes, post-contract evaluation is undertaken using the methodology recommended by the Audit Commission in its 'Guidance on Capital Programmes and Construction Projects'. Each year, four-year forecasts are produced for both the General Fund and the Housing Revenue Account. This enables decisions to be made on large investments, having regard to the effect on the medium term.

The Council has recently completed a full restructuring of its staffing complement, with the aim of realigning services to improve delivery to customers, and making efficiency savings, around half of which have been re-invested in front line priority areas such as street scene in order to generate significant improvements in enforcement activity, area monitoring and a rapid response capability. The initial phase of the restructuring focused on the chief officer level and generated savings of £200,000. Below this level further savings of £300,000 were made, and these are being reallocated to provide improvements in service delivery. The restructure has ensured that areas of higher spending are in line with stated priorities.

The Council is aware of its higher unit costs in the waste management area of service delivery, which have come about because of deliberate policy decisions reflecting public consultation, as well as local conditions in the district. The authority has directed significant additional resources to its waste management service. The Council's new Waste Management Contract commenced in November 2007, and contains:

- enhanced standards of street cleansing over and above those required by statute;
- special standards for areas with a 'night time economy'; and
- strict performance payment based mechanisms.

The costs of the new Waste Management Contract reflect the wishes of members to retain a the twenty-two week summer weekly residual waste collection service, and the continuing free provision of sacks for the garden waste collection service. Although it is acknowledged that the Council's waste management costs are higher than other comparable authorities, one of the key reasons is the cost of the popular and well-used green waste collection service. In seeking tenders for the new contract, the Council carefully assessed costs and considered the cost implications for different levels of service that could be sought through the contract specification. Whilst it would have been possible to reduce these costs through the new contract, following extensive customer consultation, consideration of current environmental expectations from waste management and a detailed options appraisal, the Council agreed a specification that it could afford within the resources available, but that would have a relatively high

<p>associated cost. These higher costs are commensurate with a higher service level.</p> <p>In addition, there are other local factors affecting the cost of the waste management service. These include the geography and demographic make up of the district. Long distances travelled to collect waste reduce efficiency and add to fuel costs, and travel distances to landfill sites incur greater freighter downtime. The large proportion of rural roads lead to high mileages, and the roads themselves are difficult and expensive to keep clean. The same roads have high vehicle usage due to the district's proximity to London and the M11/M25, causing damage popular and well used to highway surfaces, which also makes them difficult to keep clean. There is also an ageing population, requiring more assisted collections, which adds to costs.</p> <p>The Council has made a policy decision to retain car parking charges at a relatively low level, whereas many other councils have significantly higher charges. The Council has also decided, in order to support the economic viability of the towns in the district, to provide free car parking in long-stay and combined car parks on Saturdays as well as in all car parks in the three weeks before Christmas each year. Similarly, the cost of a short stay for 30 minutes car parking is just £0.10p. The Council has therefore decided to forego a higher overall income for car parking charges, and a reduction in overall net expenditure on services, in order to support the local economy.</p> <p>Evidence to support the Council's self-assessment in relation to the key areas of focus subject of this KLoE are set out in the cost and performance data published by the Audit Commission, and in the findings and conclusions of the authority's recent internal VFM Review.</p>	
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2. HOW IS VALUE FOR MONEY BEING DELIVERED AND IMPROVED?

<p>KLoE 5.2 The Council manages and improves value for money</p> <p>Please provide brief details and evidence to support your assessment focusing on:</p> <ul style="list-style-type: none"> • how the council manages its costs, while maintaining the quality of services and responding to local needs. 	<p>Evidence source</p> <p>VFM04 Value For Money Strategy</p>
<p>Commentary</p> <p>The Council's adopted VFM Strategy (VFM04) is designed to ensure that the authority manages and improves the provision of value for money.</p> <p>All of the Council's detailed budget heads have a designated 'Spending Control Officer' responsible for monitoring income and expenditure, and for taking appropriate remedial budgetary action when required. All service areas have access to, and have specialists trained to use the Council's financial management system, which enables them to drill down into budgets and expenditure. This enables the reporting</p>	

<p>system to be used to manage and monitor expenditure in user-determined ways. Variations against budgets are required to be reviewed at all Team/Section meetings on a quarterly basis.</p> <p>Members consider financial reports at key times during the year. The Finance and Performance Management Cabinet Committee considers each stage of the budget formulation process in detail, providing an opportunity for key members to consider budget proposals at an early stage and to discuss matters in detail. On the scrutiny side, the Finance and Performance Management Scrutiny Panel is briefed on the budget and has the opportunity to input into the budget setting process, reporting back to Cabinet via the Overview and Scrutiny Committee.</p> <p>The Council has a Scheme of Virement, which ensures that transfers of expenditure between budget heads are only allowed with approval at an appropriate level, dependent on the amount involved. The full Council must agree additional expenditure, on the recommendation of the Cabinet. The Corporate Executive Forum monitors salary expenditure by service on a monthly basis, in order to identify significant under/overspends.</p>	
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<p>KL0E 5.2.1 How does the Council monitor and review value for money?</p> <p>Please provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> • current processes for monitoring and reviewing costs, including consideration of value for money in the annual budget process, internal reviews (including Best Value reviews), and cost indicators. 	
<p>Commentary</p> <p>As previously stated, the Council seeks to identify and compare the costs of service delivery against performance through the development of a in-house VFM Analysis Tool (VFM07), using cost and performance data from national and local performance indicators and benchmarks. Information in relation to service costs is provided to members through quarterly budget monitoring undertaken by the Finance and Performance Management Scrutiny Panel, as part of the adopted VFM Strategy.</p> <p>When service reviews are undertaken, all the detailed costs of the service under review are analysed and reviewed to see if better VFM can be achieved. Cost comparisons and benchmarking are also made with other organisations as part of all reviews.</p> <p>The fees and charges levied by the Council are reviewed and updated annually by members. In the first instance, current and proposed charges for the following year are considered by the appropriate overview and scrutiny panels, who recommend to the Cabinet as appropriate. When large capital projects are being considered, part of the appraisal includes the formulation of a Cost Plan by a quantity</p>	<p>Evidence source</p> <p>VFM07 Value For Money Analysis Tool 2006/07</p>

<p>surveyor, which enables an indication of costs to be provided, based on current market prices and indicators, and the effect of different start on site dates.</p>	
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<p>KLoE 5.2.2 How well has the Council improved value for money and achieved efficiency gains over the last three years?</p> <p>Please provide brief details and evidence to support your assessment. Please append your backward looking Efficiency Statement covering 2007/08:</p> <ul style="list-style-type: none"> • council targets for value for money and efficiency gains; and • the achievement of efficiency gains. 	
<p style="text-align: center;">Commentary</p> <p>The Council has set a target to achieve a 2.5% per annum improvement on its 2004/5 baseline for net expenditure on services and its net capital spend, to be achieved either through cost savings or increased output. The Finance and Performance Management Cabinet Committee monitor performance against this target on a quarterly basis.</p> <p>The Council has invested savings and efficiencies of £250,000.00 arising from the completion of the senior management restructure into its 'Safer, Cleaner and Greener' initiative, through the re-prioritisation of resources and the dedication of additional resources towards tackling the full range of environmental and 'street scene' issues in an integrated manner.</p> <p>The Council's overall Gershon efficiency savings achieved up to April 2008 were £5.34m (VFM16). The Council's savings target of £1.23m by 31 March 2008 was achieved two years early, and has subsequently been exceeded by some £4m. During the period 2004/05 to 2007/08 the housing service achieved savings totalling £1.1, which were made through twenty separate efficiency initiatives and accrued from either providing the same service at a lower cost, or a better service at the same cost.</p>	<p style="text-align: center;">Evidence source</p> <p>VFM16 Backward Looking Efficiency Statement</p>

<p>KLoE 5.2.3 Do procurement and other spending decisions take account of full long-term costs and benefits, including environmental and social costs benefits and improve value for money?</p> <p>Please provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> • how value for money is built into the council's procurement practice; • the extent to which a 'whole life' approach is taken to spending and procurement decisions; • identifiable savings achieved through procurement; • are opportunities to procure with others, or work in partnership in other ways, to improve value for money utilised and what has the impact been; and • examples of the council using ICT developments to improve access and value for money. 	<p style="text-align: right;">Evidence source</p> <p>VFM17 External Funding Strategy</p> <p>Commentary</p> <p>The Council has reviewed its procurement practices and strategy in order to improve VFM, and has introduced the corporate 'Essex Marketplace' e-procurement solution in order to modernise its internal procurement processes and to provide enhanced management information in order to drive VFM improvements.</p> <p>The Council has also joined the Essex Procurement Hub, which is a collaboration of five local authorities who jointly fund a number of procurement posts based at Braintree District Council. This arrangement has delivered a number of cost savings to the Council and is a cost effective way of obtaining expert procurement advice leading to increased VFM. Examples of effective VFM procurement include the Waste Management Contract, leased car arrangements, and the Council's banking service. The Council has also recently appointed its own Procurement Officer as part of the management restructure, in order to focus on achieving procurement best practice and identifying areas where the greatest benefits can be gained in terms of VFM and efficiency.</p> <p>The Council pursues opportunities for joint procurement and works in collaboration with other local authorities and agencies to reduce costs and improve VFM wherever possible, for example, in terms of the undertaking of the former three-yearly BVPI customer satisfaction surveys and the new National Indicator 'Place Survey' requirements, where joint survey procurement was undertaken with all of the local authorities in Essex. The Council is making some use of a shared service approach with partners to achieve efficiencies, through its choice-based lettings scheme, the Essex Human Resources Partnership on equality issues, and the Children and Young Peoples Strategic Partnership on children's issues. The Council is active in seeking external funding to assist it to deliver its priorities at a lower cost, and has adopted an External Funding Strategy (VFM17), the implementation of which is being lead through an adopted action plan. The Council's success in securing external funding has been recognised previously, and an internal audit of the authority's external funding arrangements has been completed.</p>
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The Council's major procurement decisions seek to achieve wider community benefit and long-term VFM, for example the external provision of leisure management and waste management services, town centre enhancement schemes and the remediation of a former landfill site at Bobbingworth as a local park facility.

The Council understands the impact of its long-term costs and benefits, including environmental and social impacts, and takes account of these when making decisions and monitoring outcomes. Whole-life cost appraisals are conducted for significant capital projects and, for example, the partial stock transfers of the Robert Daniels Court and Wickfields sheltered housing schemes to registered social landlord considered the effect of housing subsidy over a number of years. All significant housing decisions take account of the thirty-year financial forecast contained within the Housing Revenue Account Business Plan to conclude whether VFM would best be provided through the Council undertaking the required capital works or through a transfer to an RSL. In both the Robert Daniels Court and Wickfields cases, the project appraisal concluded that the latter approach offered the best VFM.

The Council uses information technology to drive and enable business process change to improve both its own VFM and access to services for users. The authority has identified the benefits to be had for both staff, the organisation and service users from developing mobile working arrangements, which are being progressed in a number of directorates. Within the Benefits Division, funding has been obtained from the Department for Work and Pensions to establish a pilot scheme for visiting officers to conduct on-site assessments. This has now been fully implemented and has speeded up both the processing of new claims and amendments to existing claims, therefore having a direct and positive impact on service users.